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|---|---|---|---|---|---|
| Austria | Sch 18 | Indonesia | Ro 2500 | Portugal | Esc 75 |
| Bahrain | Din 0.650 | Italy | L 1100 | S. Arabia | Rls 6.00 |
| Belgium | BFr 36 | Japan | Y 250 | Singapore | S$ 4.10 |
| Canada | C$2.00 | Jordan | Fils 500 | Spain | Pta 105 |
| Cyprus | Mils 600 | Kuwait | Fils 500 | Sri Lanka | Rup 20 |
| Denmark | DKr 7.25 | Lebanon | L 6.00 | Sweden | SKr 6.50 |
| Egypt | E£1.00 | Luxembourg | LFr 38 | Switzerland | SFr 2.00 |
| Finland | Fmk 5.50 | Malaysia | Rng 4.75 | Taiwan | NT $35 |
| France | Fr 6.00 | Mexico | Pes 300 | Thailand | [illegible] |
| Germany | DM 2.20 | Morocco | Dh 6.00 | Tunisia | Din 0.500 |
| Greece | Dr 60 | Netherlands | Fl 2.50 | Turkey | L 160 |
| Hong Kong | HK$ 12 | Norway | NKr 8.00 | U.A.E. | Dh 6.50 |
| India | Rup 15 | Philippines | Pes 20 | U.S.A. | $1.50 |

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,309 — Monday April 30 1984


Indonesia's economic achievements applauded
Survey Section III



# China rejects Reagan attempt to create anti-Soviet alliance

BY MARK BAKER IN PEKING

CHINA HAS firmly rejected attempts by President Ronald Reagan to draw it into an anti-Soviet alliance and has stressed its independent foreign policy during Mr Reagan's current six-day tour of the country.

The Chinese leaders have made it clear that they regard both the U.S. and the Soviet Union as expansionist and threats to world peace.

Hu Yaobang, General Secretary of the Chinese Communist Party, told Mr Reagan at a weekend meeting: "Our independent foreign policy is not expediency but a long-term policy based on decades of experience. We shall never attach ourselves to any country or group of countries."

Mr Reagan had said in Honolulu last week that a main purpose of his visit to China was to enlist Chinese support in "opposing expansionist aggression by the Soviets."

Senior U.S. officials said in his meeting with the President, Hu had adopted an "imperious" tone and there had been some firm exchanges between the two men. Hu attacked the U.S. for exercising "power politics" in the world and for stationing troops in South Korea.

"We hope that the Government of the U.S. will take a more positive attitude towards the relaxation of tensions on the Korean peninsula," said Hu who will make in official visit to North Korea an May.

The issue of Taiwan, however, dominated Mr Reagan's talks on Saturday with Deng Xiaoping, the most senior Chinese leader, and two sessions of talks between Mr George Shultz, U.S. Secretary of State, and Wu Xueqian, China's Foreign Minister.

Deng said continued U.S. support for Taiwan was overshadowing the generally good development of Sino-U.S. relations. "Settlement of the Taiwan issue will untie the knot in relations between China and the U.S.," Deng said.

He reiterated China's promise that after reunification with the mainland, Taiwan's existing system could remain unchanged. The U.S. and Japan could both retain their present commercial links with the island, he added.

A senior U.S. official said Mr Reagan had "made clear" that the U.S. would stand by the terms of its communiques with China, which promised the gradual reduction of weapons sales to Taiwan.

Wu told Mr Shultz that China had noted U.S. promises to reduce "to some extent" the level of arms sales in 1985 but the reductions proposed were very limited and not enough to solve the arms issue in the immediate future.

China censored the U.S. President for the second time in two days on Saturday night, when substantial sections of a Chinese television interview with Mr Reagan were cut before it was broadcast on the national network.

The Chinese deleted references by Mr Reagan to the U.S. as a peace-making and free society and his claim that the U.S. put communication before confrontation in international affairs.

Similar remarks and a strong attack by the President on the Soviet Union had been removed from television and Press reports of a speech he made on Friday to 600 Chinese officials in the Great Hall of the People.

The President flew to Xian, central China, yesterday to visit the entombed warriors' archaeological site. He was due to return to Peking before flying to Shanghai today.

● In Moscow yesterday, Pravda, the Soviet Communist Party daily, described as untrue Western reports that Moscow wanted Mr Reagan to lose the U.S. presidential election later this year and was blocking talks until then, Reuter reports.

The Soviet Union was prepared conditionally to talk to any president, including President Reagan, Pravda said. But the newspaper reiterated Moscow's position that for talks on nuclear arms control to resume, all "obstacles" had to be removed – a reference to the deployment of U.S. Pershing and cruise missiles in Western Europe.

**Dublin protest for Reagan, Page 2**

## NEWS SUMMARY

### GENERAL

# Israel arrests bomb suspects

**Police in Israel and the occupied territories over the weekend arrested an estimated 20 to 30 Jewish extremists suspected of terrorist attacks on Arab civilians.**

The arrests followed the discovery of bombs placed on five Arab-owned buses in Jerusalem, which were defused by Israeli security forces apparently after a tip off.

Jewish settlers on the occupied West Bank, Golan Heights and Gaza Strip were stunned by the scale of the arrests and disconcerted by what appears to be a change of attitude by the government towards their vigilante actions. **Page 16**

### Sudan emergency

President Jaafar Nimeiri yesterday proclaimed an indefinite state of emergency in Sudan, banning all meetings and demonstrations and mobilising p ublic services.

He said opposition political parties, dissolved when he seized power in a bloodless coup in 1969, had become active and were "gathering against the state."

### Lebanese priority

Lebanese Prime Minister-designate Rashid Karami said the top priority of the Cabinet be is trying to form would be to get Israeli forces out of southern Lebanon. **Page 3**

### Italian earthquake

Two hundred families were left temporarily homeless and hundreds of buildings were damaged in an earthquake, Richter scale 6, that affected central Italian towns.

### Spanish labour move

Spain's Government is moving towards participating in a labour pact which it is trying to promote between employers' bodies and unions. **Page 2**

### Ulster bomb death

Businessman and farmer Thomas McGeary, 48, was killed in a bomb blast that tore apart his car as he drove along a country road four miles outside Armagh City, Northern Ireland.

### Brazil negotiations

Brazil's Opposition dropped its campaign of street rallies and demonstrations in favour of negotiations with the Figueiredo Government. **Page 2**

### Thatcher looks ahead

Mrs Thatcher issued a message celebrating five years in office, stating she anticipated a third term as Prime Minister. **Page 6**

### Punjab toll nears 200

The Indian Government's hopes of negotiating a settlement to end Sikh unrest in the Punjab, suffered a setback as the death toll in the region's violence rose to nearly 200. **Page 3**

### Swiss vote defeat

The fifth try to give women the vote in the Swiss canton of Appenzell-Rhodes Exterior was defeated in a once-a-year assembly of all male burghers.

### Kim to visit Moscow

North Korean President Kim Il Sung is to visit the Soviet Union in the second half of May, his first trip to Moscow for 17 years.

### Flights to resume

The national airlines of Egypt and Libya agreed in principle to resume flights between the two countries, which were halted in 1979. **Page 3**

### BUSINESS

# Fiat takes lead in Europe

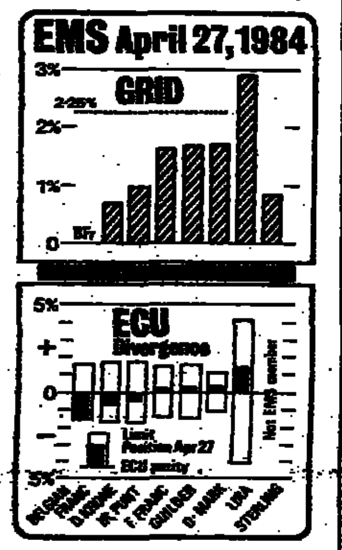
**FIAT** of Italy emerged as Western European car market leader with a 13.2 per cent share in the first quarter of this year, compared with 11.7 per cent in the first quarter of 1983. The advance reflected the success of its small car, the Uno. **Page 16**

**CARTER HAWLEY** Hale, Los Angeles-based department store group, rejected a $1.3bn bid from its smaller rival, The Limited, saying the increased offer of $35 cash per share was "inadequate." **Page 16**

**TRADING** was subdued in the European Monetary System in a four-day week sandwiched between Easter and the end of the month. The dollar's strength against the D-Mark removed any pressure on weaker members.

The Italian lira was softer overall but remained underpinned by seasonal capital inflows. The Belgian franc was weakest but stayed in its divergence limit, helped by an upsurge in demand for the franc in forward markets.

The D-Mark weakened in the face of a strong dollar and market fears of industrial unrest in West Germany. Although touching a two-month low against the dollar, it was quite stable against its EMS trading partners.




*The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.*

**INDIA'S** formal request to Japan for a special aid package of more than $700m for industrial projects, was turned down. **Page 16**

**KUWAIT'S** Government suspended its support to the country's official stock market, ending a 19-month policy to protect bank collateral. **Page 18**

**OLYMPIA**, West German office equipment maker 51 per cent-owned by AEG-Telefunken, sharply reduced losses to DM 34.7m ($12.8m) in 1983. **Page 18**

**GREECE:** A too-generous incomes policy and excessive public sector spending are the two major weaknesses in the Socialist Government's policy, said a Bank of Greece report. **Page 2**

**CHINA'S** equivalent of gross national product climbed 10 per cent last year to yuan 1,105.2bn ($525bn) said the State Statistical Bureau, adding there were still shortages of energy, some raw materials and transport.

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**The editorial content of today's international edition has been restricted because of industrial action by IG Druck und Papier at Frankfurter Societäts-Druckerei, where the edition is printed. This prevents the publication of late-breaking news, the final Wall Street report and closing U.S. share prices.**

# French Government agrees new rules for cable TV plan

BY PAUL BETTS IN PARIS

**France's Socialist Government has finally agreed after nearly two years of bitter political squabbling on new rules for the introduction of cable television. Agreement was reached in a special committee of ministers and will be ratified by the Cabinet on Thursday.**

The Cabinet will also give a major boost to France's fast-growing private radio business by allowing commercial advertising, so far forbidden, on private radio stations.

Local cable television networks will be operated by "mixed economy" groups, in which public and private interests will have equal influence, under the rules agreed by the Government.

The PTT, the state postal and telecommunications authority, will be responsible for constucting the cable networks and will control all eventual telecommunication and video-transmission applications of the cable.

Optical fibres will be used for the television cable, rather than the cheaper traditional copper wiring.

The Cabinet meeting will give the green light for the initial wiring of 320,000 homes at a total cost of FFr 1.35bn ($164.6m) by next year, the order for which was announced last month.

Up to 1.5m French homes are to be wired by the end of 1987 under the latest government plan, which aims to supply 6m homes by the middle of the next decade.

Development of the French cable business is likely to offer openings to foreign manufacturers of cable television equipment and programming.

The plum pickings, however, will clearly go to French telecommunications and electronics groups such as CIT-Alcatel or CGCT, which have taken leading positions in developing optical fibre networks.

The decision to form "mixed economy" enterprises to operate cable networks in the 128 local authorities that have already asked to be wired is a political compromise, largely designed to reassure the Left.

Many parts of the French left, including some ministers, had become increasingly worried by the political implications of the Socialist Government's landmark decision to lift the state monopoly on television and radio soon after it came to power three years ago.

In the case of cable, the idea of giving local authorities responsibility for wiring their areas had also

**Continued on Page 16**

# Japan rejects India's request for $700m aid

BY JOHN ELLIOTT IN NEW DELHI

JAPAN HAS turned down a formal request from India for a special aid package of over $700m for industrial projects, to celebrate a visit this week to India by Mr Yasihiro Nakasone, Japan's Prime Minister.

Japan has refused to become involved in modernising the Durgapur steelworks – a project which the UK has been negotiating unilaterally for more than a year – and in collaborating in developing a computer production project. It has also deferred decisions and aid for a 1,800 km gas pipeline project, refusing to put up $400m to cover two thirds of the foreign exchange costs.

The decisions are casting a cloud over the visit, the first made by a Japanese Prime Minister for 23 years. Mr Nakasone arrives in Pakistan today and in India at the end of the week when he is being given the rare privilege of addressing the Indian Parliament in New Delhi.

In diplomatic terms, the visit is significant because Japan is demonstrating for the first time for more than a decade that it regards India as an important country with which it should have stronger political ties. It also sees India as a major potential market for its goods.

Almost every Japanese automotive manufacturer has started linking up with Indian companies in the past two years to produce cars, commercial vehicles and motorcycles. Similar moves have begum in Pakistan.

But there is no sign of Japanese companies making similar inroads into other Indian industries, partly because of the country's inhibiting infrastructure and bureaucratic problems and partly because Japanese companies are not prepared to hand over their technology in areas such as electronics as quickly as the Indian Government wants.

India asked Japan to assemble a package of aid linked to contracts that would be placed with Japanese companies for the major projects.

Japanese diplomatic sources were surprised by the way India was trying to use Mr Nakasone's visit for what seemed to them a begging exercise. They replied that any projects would have to be funded from annual aid to India which in 1983-84 totalled Y34.7bn ($154m).

# New options for UK investors

BY CHARLES BATCHELOR AND MARY ANN SIEGHART IN LONDON

THE LONDON Stock Exchange and the London International Financial Futures Exchange (Liffe) will this week launch two new ways for investors to take advantage of movements in the stock market.

On Thursday, the stock exchange will introduce an option contract and Liffe will launch a futures contract based on the Financial Times-Stock Exchange 100 share index. These contracts will allow investors either to speculate on the way the market is moving or to reduce the risk of actually owning the shares. If a fund manager, for example, thinks the index will fall he can sell a stock index futures or options contract, hoping to buy it back more cheaply later. If share prices do fall, any losses he makes on his portfolio will be matched by the profit on the contract.

The FT-SE 100 index, launched in February, tracks the movement of 100 leading share prices and is recalculated every minute. An option gives the investor the right to buy or sell a commodity – in this case the value of a basket of shares – at a fixed price by a specified date. A futures contract obliges the investor to buy or sell a commodity on a future date.

Stockbrokers expect more sophisticated investors to take advantage of price differences between the two markets by means of arbitrage transactions.

The futures contracts, which would currently be worth more than £25,000, are expected to appeal mainly to institutions such as pension funds and insurance companies while the smaller options contracts, valued at around £5,000, would be more attractive to the small investor.

The actual cost of both contracts is much lower since the investor is only required to put up a part of their value. Stock index options have done extremely well since they were launched in the U.S. just over a year ago and they now account for 45-50 per cent of all options business on the Chicago Board Options Exchange.

**UK investor protection, Page 14; Chicago options investigation, Page 16**

# Samuel Montagu in Swiss venture

By Mary Ann Sieghart in London

SAMUEL Montagu, the UK merchant bank part-owned by Midland Bank, will announce today that it is setting up a joint venture in Switzerland with Bank Leu, the fifth largest Swiss commercial bank. Montagu sees this as a major step towards the internationalisation of its securities business.

The new financial company to be based in Geneva, will be called Samuel Montagu (Suisse) SA and will act as an underwriter and distributer of Swiss Franc bonds. Samuel Montagu will have a 56 per cent stake and the other 44 per cent will be split equally between Bank Leu and its subsidiary, Banque Gutzwiller, Kurz Bungener. The company's capital will be SwFr 5m, of which SwFr 2m will be paid up initially.

Last year, according to figures from the Swiss National Bank, new public bond issues in the Swiss Capital markets amounted to just over SwFr 25bn. There is also a huge private placement market.

The underwriting and distribution of bonds is dominated by a syndicate of the big five banks, but other small syndicates have recently been challenging the large one. Montagu's new company will become a member of a small syndicate run by Banque Gutzwiller, Kurz Bungener. Bank Leu is already a member of the major syndicate.

Samuel Montagu is active in the UK domestic bond market and in the international Eurobond market.

**Eurobonds, Page 17; UBS results, Page 18**

# U.S. ruling on Costa Rica worries bankers

BY WILLIAM HALL IN NEW YORK

A U.S. court has ruled that a heavily indebted developing country can seek court protection from its foreign bankers in much the same way that a U.S. company can seek relief from its creditors when it files for protection under Chapter 11 of the U.S. bankruptcy code.

In what many bankers believe could be a landmark decision, three judges of the U.S. Court of Appeals for the second circuit in New York, last week upheld a lower court ruling in favour of three Costa Rican banks which defaulted on a $5.2m loan from a 39-bank syndicate in 1981.

Although the sums of money involved are small, international bankers are surprised by the decision, which at first sight appears to give heavily indebted countries like Costa Rica far more protection in the U.S. courts than before. Bankers are worried that the ruling, if upheld, could encourage other countries to default on loans.

The court, citing a 100 year-old judgement – Canada Southern Railway company versus Gebhard – said that as Costa Rica's actions which led to the default were "consistent with the law and policy of the U.S., their validity should be recognised in U.S. courts."

Mr Robert B. McKay, a partner in the law firm of Santora McKay & Ranieri which represents Fidelity Union Trust Company of New Jersey, the bank which sought the ruling, said that "as the decision now stands, arguably any foreign nation could unilaterally determine to defer repayment if its debts, claiming that it is in economic crisis, and in effect be protected from judgement in our courts." He said that his client would probably take the case to the U.S. Supreme Court.

Bankers are concerned that the decision could reduce their bargaining power with countries facing serious financial difficulties because it appears to limit the legal steps they can take to recover their money. Fears that foreign banks might seek court help to seize overseas deposits or impound foreign assets, like aircraft, make heavily indebted countries wary of defaulting. However, the latest decision appears to give them greather protection against such threats.

The bulk of the banks involved in the credit agreed to postpone collecting their loan as part of last year's Costa Rican rescheduling but Fidelity refused to accept the agreement. It instructed the agent bank, Allied Bank International, to begin legal proceedings to recover $5.2m plus interest and legal costs.

The U.S. court ruled that "Costa Rica's prohibition of payment of debt was not a repudiation of debt but rather was merely a deferral of payments while it attempted in good faith to renegotiate its obligations."

On April 23, judges Metzner, Meskill and Pierce (DOC 83-7714) dismissed Fidelity's case, arguing that Costa Rica's actions which prevented the Costa Rican banks repaying their loans were consistent with U.S. law and policy.

**U.S. bond market report, Page 18**



CONTENTS

# Greek pay and spending policies criticised

BY ANDRIANA IERODIACONOU IN ATHENS

GREECE'S SOCIALIST Government has pursued an over-generous incomes policy and allowed excessive public sector spending since coming to power in 1981, according to the national bank's annual report on the economy.

On the positive side, however, the report points to a sustained move towards a tighter monetary policy, and the reform of the interest rate and credit systems to encourage capital inflows and productive investments. It also gives qualified approval to the controversial policy of sweeping price controls.

The report forecasts a limited recovery for the economy this year based on increased consumption and public sector investments, and an improvement in agricultural output which was badly affected by poor weather last year.

It warns that high inflation and balance of payments deficits loom forbiddingly on the long-term horizon and calls for a sustained economic stabilisation programme "co-ordinating public spending incomes, monetary and credit policies."

Greece's balance of payments deficits have stood at a stubbornly high $1.9bn (£1.35bn) for the past two years. Inflation was about 21 per cent in 1983—double the EEC average. The public sector borrowing requirement has been reduced from almost 14 per cent to about 12.1 per cent of gross national production last year which the Bank of Greece considers still worryingly high.

The bank's report blames certain external factors for a poor current account and inflation performance. EEC accession in January, 1981 led to a sharp increase in prices and the penertation of the Greek market by Community manufactured products. There was also a drastic reduction, because of the international recession, in invisible earnings from shipping, tourism, and workers' remittances, on which the Greek economy is highly dependent.

However, it also attributes Greece's economic problems to "serious structural weaknesses in almost all areas of the economy," particularly high public-sector deficits due to a failure to control public spending, and loss of revenues through still-rampant tax evasion, and relaxed incomes policies in 1982 and 1984.

The bank praises the reversal of negative real deposit interest rates, and recent measures to boost credit flow to business, as well as to apply strict banking criteria to lending.

It concludes that price controls are "an integral part of an anti-inflationary policy" and must continue. But it warns that profit margins are inadequate in parts of the manufacturing sector and discourage productive investment.

# Executives' pay soars with U.S. recovery

By Paul Taylor in New York

THE pay packets of senior U.S. executives are bulging as they reap the rewards of a booming economy.

Top executives' annual pay increased by an average of 13.1 per cent last year, according to Business Week magazine's annual salary survey. The increase far outstrips last year's 3.8 per cent U.S. inflation rate and the average 5.5 per cent rise in 1982, when the U.S. economy was still deep in recession.

Reflecting the corporate profit turnabout, the heavyweights of U.S. industry were particularly generous to their senior executives last year—a move which has already sparked shareholder murmering and attracted union attention too, particularly in the motor industry.

Business Week's survey of 269 companies in 1983 shows that in sharp contrast to the previous year, far more executives got pay rises than took pay cuts—188 to 43.

Among the big winners were the Detroit car chiefs. Mr Philip Caldwell, chairman of Ford, took home $1.4m in salary and bonuses, a 214 per cent increase over 1983. Mr Roger Smith of General Motors earned $1.49m, a 171 per cent increase, while Mr Lee Iacocca, Chrysler's flamboyant chairman, got a 30 per cent increase in salary and bonuses to $475,000.

But none of them got close to the $2.08m in salary and bonuses earned by Mr David Tendler, co-chairman of Phibro-Salomon, the Wall Street-based commodity trading group and investment bank.

The big losers included the chief executives in the still-depressed U.S. oil-services industry. For example, Dresser Industries cut chairman John James's annual salary and bonus by 38 per cent.

The steel giants were less ruthless. Bethlehem Steel and Wheeling-Pittsburg both cut their chairmen's pay 2 and 5 per cent respectively, while U.S. Steel gave Mr David Roderick, chief executive, a 9 per cent increase

When long-term compensation, mainly comprising stock options and extended performance bonuses, are included, Mr William Anderson, the now-retired chairman of NCR, comes out top. But even his $13.2m total was behind the $51.1m total compensation of Mr Fredrick Smith, chairman of Federal Express, Business Week's winner in 1982.

Mr Smith, like most of the other 25 highest paid executives in the rankings, exercised stock options. The magazine noted that none of the 25 would have been in the running on salaries and bonus alone.

# Fed keen to boost capital adequacy position for banks

BY STEWART FLEMING IN WASHINGTON

FEDERAL BANK supervisors in the U.S. are pressing U.S. banks to increase their capital ratios above the minimum levels required by bank regulations. Some bank analysts suggest that the regulators may also decide to try to increase the current 5 per cent minimum capital adequacy ratio for bigger banks.

A strong indication of bank regulators' thinking emerged last week with the Federal Reserve Board's decision to approve the $1.5bn Manufacturers' Hanover Trust acquisition of CIT Financial Corporation.

In approving the CIT deal, the Fed said that its decision had been influenced by the fact that Manufacturers Hanover was committing itself to raising $500m of additional primary capital, which will take its ratio to 5.53 per cent at the end of the first quarter and "has committed to maintain its capital position at at least this level," significantly above the minimum ratio for multinational organisations.

In its statement on the acquisition, the Fed took the opportunity to express some of the broader principles it is using in addressing acquisitions, serving notice on the banking industry that it would not tolerate diversification that weakened the capital base of the industry.

"The board has stated and continues to believe that capital adequacy is an especially important factor in the analysis of bank holding company expansion proposals," it says, adding that it "views with concern any proposal involving a major expenditure of funds for expansion that could limit a bank holding company's ability to serve as a source of strength to its subsidiary banks, particularly its ability to raise new equity capital to deal with unforeseen difficulties."

A spokesman for Manufacturers Hanover stressed last week that in common with other banks, the company was determined to increase its capital adequacy ratios. He pointed out that banks in the U.S. are increasingly managing their balance sheets in ways designed to improve capital adequacy ratios beyond regulation minimum levels.

U.S. Bonds, Page 18

# Polish media stress bankers' endorsement

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLISH media this weekend gave prominent coverage to interviews with Western bankers approving the Polish Government's debt servicing policies.

The interviews came after the completion on Friday of four months of talks rescheduling Poland's 1984-87 capital payments. The talks brought to an end the rescheduling of Warsaw's unguaranteed commercial bank debt, valued at around $7bn, falling due from 1981 onwards.

Mr Gabriel Eichler, from the Bank of America, told the Polish Press Agency: "We discerned a strong political will here to fulfil Poland's financial obligations despite economic difficulties."

A British banker interviewed on television explained that this year's negotiations had been smoother than in the past, as Poland had kept up to date with payments on previous rescheduling deals.

The prominence given in the week-end papers to Mr Eichler's remarks was rivalled only by the Polish security chief's claim that the authorities were keeping a close eye on the Solidarity delegalised trade union movement's plans to hold demonstrations tomorrow, May Day.

This unprecedented exposure of Western bankers to the general public was intended to gain public support for the present payments policy, which is holding back economic recovery, and to head off potential critics inside the Government.

Mr Jerzy Malec, the Bank Handlowy negotiator, who came under attack after the 1983 agreement, told the Polish Press agency that the level of interest payments was set by market forces, and implied that Western government credits could ease Poland's ability to repay.

# Benelux steel pact saves £19m

By Paul Cheeseright in Brussels

THE FIRST benefits from a major collaboration in the Benelux steel industry have appeared with the disclosure by Arbed of Luxembourg that it expects to save LFrs 1.5bn (£19m) each year.

Last January Arbed signed a production sharing and investment agreement with Cockerill Sambre, the state-owned Belgian producer, after talks which at one stage also involved Hoogovens of the Netherlands.

Mr Emmanuel Tesch, the president of Arbed, has told his shareholders that Arbed expects to be able to reduce its investment spending by LFrs 1bn a year because of the agreement with Cockerill Sambre.

At the same time, better utilisation of capacity should improve the annual figures by LFrs 50m a year, he said.

The production sharing agreement has already started and Arbed has begun shipping increased quantities of semi-finished products to Cockerill Sambre.

Cockerill Sambre so far has been unable to disclose publicly the immediate financial benefits it expects from the arrangement.

Arbed is now looking for further agreements with other producers, Mr Tesch told a Press conference; he stressed that Arbed remained open to all proposals of collaboration. He favoured giving "a European dimension" to the steel industry.

But Arbed rules out extending the Belgo-Luxembourg agreement to Hoogovens. Technically, a three-company agreement would be too complicated.

Mr Tesch also scetched the possibility of co-operation with Kloeckner, the West German producer, whose unit, Maximilianshutte, last year purchased from Arbed a small steel plant in Bavaria.

# Tripartite proposal from Spanish Socialists

BY DAVID WHITE IN MADRID

THE SPANISH Socialist Government is moving towards some form of participation in a new labour pact it is trying to promote between employers' bodies and unions.

This follows the breakdown at the beginning of the year of union-employer negotiations on 1984 national wage targets, which led to a sharp deterioration in labour relations.

After a meeting between Sr Felipe Gonzales, Prime Minister, and employers' leaders at the weekend, Sr Miguel Boyer, the Finance and Economy Minister, said the Government did not want to interfere, but was prepared to act as a catlyst in negotiations.

It is aiming to get discussions under way in the next few weeks with a view to an agreement covering 1985 and 1986 on a wide range of issues. The Government stayed out of union-employer negotiations on private sector pay both last year, and this year.

The Socialist UGT union, one of the two main labour federations, has recently changed its position and backed the principle of Government participation in talks.

However, the CEOE employers' organisation is opposed to involving the Government in the actual negotiations. Sr Carlos Ferrer, the outgoing CEOE Chairman, said after the weekend meeting that the Government's role was to fix the economic rules of the game which would allow for an agreement.

The initiative follows a series of bilateral talks between the ruling Socialist party and other parties and representative bodies.

# Brazil opposition changes tack in poll campaign

BY ANDREW WHITLEY IN RIO DE JANEIRO

BRAZIL'S MAIN opposition party has quietly dropped its four-month-long campaign of street rallies and demonstrations to press for direct presidential elections this year, in favour of negotiations with the Government.

Sr Ullyses Guimaraes, veteran leader of the Partido do Movimento Democratico Brasiliero (PMDB), has bowed to pressure from the right-wing of his party following the narrow defeat in Congress on Thursday of the party's constitutional amendment on direct elections.

In return, Sr Guimaraes was confirmed as the unofficial leader of the opposition alliance challenging the military-led Government to make substantial political changes. He had been threatened with a breakaway faction pressing for negotiations and a more conciliatory line towards the Government.

The threat to Sr Guimaraes's position was underlined over the weekend when a meeting of state governors from the officially-backed Partido Democratico Social (PDS) endorsed Sr Tancredo Neves, the most prominent moderate in the PMDB, as the best person to bridge the political gulf in Brazil.

A first discreet meeting between Sr Guimaraes and Sr Jose Sarney, the PDS president, took place on Thursday, it was revealed over the weekend. Further contracts—to negotiate who will succeed President Joao Figueiredo next March, through what mechanism, and for how long—are likely.

The President's own constitutional amendment, proposing direct elections in 1988, is due to come to a full debate in Congress only in mid-June. This gives both sides six weeks' breathing space to allow negotiations to develop.

**Opposition union leaders in Chile have called for a new day of protest on May 11 against the military regime of President Augusto Pinochet, Reuter reports from Santiago. A meeting of about 1,200 officials representing 520 unions, called by the Workers National Command, also agreed to call an illegal general strike within 90 days.**

Military at bay, Page 15

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# Protests planned for Reagan's Dublin visit

BY BRENDAN KEENAN IN DUBLIN

TWO IRISH academics say they will resign their honorary doctorates from the country's National University in protest at the decision to award a similar honour to President Reagan when he visits Ireland in June. Their move is part of a campaign to organise protests over U.S. policy in Central America during the President's visit.

Mr Dick Spring, Labour Party leader and Deputy Prime Minister, has already had to promise his party that he will make their criticisms of U.S. policy known to Mr Reagan during the visit. At least two members of the Irish Upper House, the Senate, say they will boycott Mr Reagan's address to a joint session of parliament.

A number of groups are planning public demonstrations during the visit. The protests are embarrassing to the Irish Government of Dr Garret FitzGerald, as it is anxious to return the welcome which Irish leaders have received in the White House in recent years.

Dr FitzGerald was careful to avoid the foreign policy issue during his visit to Washington in March but last week Mr Peter Barry, the Foreign Minister, made it clear that Ireland was unhappy about aspects of U.S. policy in Latin America.

# Peronists invite leader for negotiations

BUENOS AIRES — The Argentine opposition Peronist party has invited its leader, Maria Estela Martinez De Peron, "Isabelita," to return to Argentina from Spain to head political talks with President Raul Alfonsin's Government.

The Government said last night that Sr Alfonsin's talks with opposition parties would begin on May 7. It said he would first meet leaders of the Peronist party, the main opposition force.

The talks are aimed at reaching an agreement with all the nation's representative forces on a global strategy for national recovery, a Government source said.

The 53-year-old Sra Peron, who was President from 1974 to 1976, has been living in Spain since 1982. She returned in December only to attend Sr Alfonsin's inauguration, which brought an end to the military government that toppled her from power in 1976.

The Peronist party, which had been the nation's dominant political force over the last 40 years, still has virtual control of the upper House of Congress and the powerful union movement.

● An International Monetary Fund team is expected to visit Buenos Aires in two weeks in an effort to obtain a letter of intent from the Argentine government, banking sources said.

They said while negotiations appear to have advanced, President Alfonsin's Government has still not given a clear signal that it is willing to adopt a politically controversial IMF agreement.

Sr Alfonsin's speech at the opening of Congress tomorrow is expected to clarify economic policy.
Reuter

## Interest of £28m paid

VENEZUELA LARGEST private sector debtor, La Electricidad de Caracas, said that last week it paid $40m (£28m) in overdue interest to foreign creditors, Reuter reports from Caracas.

The payment was the first this year by the private sector, whose arrears are estimated by banking sources at £1bn. Total debt outstanding is put at $7.5bn.

# Compromise sought on blocked Citibank deposits in Manila

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

SENIOR BANKERS have begun work on a compromise solution to the problem of deposits blocked in Citibank's Manila branch which has threatened to undermine the Philippines' efforts to reschedule part of its $25bn (£17.8bn) foreign debt.

The advisory committee of leading creditor banks, chaired by Mr David Pflug of Manufacturers Hanover, has reached a consensus that the blocked deposits must not stand in the way of a rescheduling that already promises to be extremely difficult.

Left unresolved, the deposits issue could divert attention away from what bankers see as the real problems affecting the rescheduling. The International Monetary Fund has insisted that a recovery programme is not only agreed but also implemented before the rescheduling goes ahead. Then all creditor banks have to be persuaded to subscribe to a substantial new loan for the Philippines.

Neither Mr Pflug nor Citibank will comment on the planned compromise, but one possibility is that banks which have deposited money at Citibank's Manila branch would be asked to extend the maturity of their deposits in the same way as other short term lenders to domestic Philippine institutions.

The deposits would, however, clearly remain obligations of Citibank and would not be counted as exposure to the Philippines when contributions to the new money loans are assessed. This apparently technical point is vital for banks, because contributions by individual banks to new loans for countries in debt difficulties are always calculated on the basis of existing exposure to the country concerned.

If adopted, such a solution would put an end to one of the most acrimonious episodes of the developing country debt crisis. Citibank's refusal to repay the blocked deposits from its New York head office prompted threats of retaliation from other leading international banks and one depositor, Wells Fargo, instituted legal proceedings against Citibank to recover its money.

Until now Citibank has always insisted that it was trying to obtain Philippine permission to repay the deposits, but Mr Cesar Virata, Prime Minister, said last week that no further repayments could be authorised for fear of causing a capital outflow.

Recently, however, Citibank did obtain permission to refund about $300m (£214m) of deposits from its Manila branch, which had been used for lending outside the Philippines, but about a further $375m in deposits remains frozen.

# Afghan rebels unite against Soviet offensive in valley

ISLAMABAD — The biggest Afghan exile rebel groups have united to resist a strong Soviet thrust in thestrategic Panjsher Valley, where Soviet tanks are reported to be advancing at the rate of six or seven miles a day.

Afghanistan's Islamic Unitey of Afghan Mujahideen (warriors), a three-party moderate guerrilla alliance, yesterday threw its support behind rebels resisting the Soviet attack.

Prof Sibghatullah Mojaddedi, head of the alliance, said he had ordered his fighters to help Ahmad Shah Masood, the rebel commander in the 70-mile long valley. He said he was sending in commanders and arms from Peshawar in Pakistan.

Soviet forces a week ago launched an offensive in the Panjsher Valley, some 60 miles north of Kabul and overlooking the main highway to the Soviet Union.

In south-eastern Afghanistan resistance sources said thousands of Afghans have fled their homes as the Soviet Union keeps up its biggest military offensive of the four-year Afghan war. There were reports that from 4,000 to 10,000 people have crossed into Pakistan since Thursday, when bombing operations in the Kandahar area got under way.
Agencies

# New Beirut cabinet 'will seek troop pullout'

BEIRUT—Lebanese Prime Minister-designate Rashid Karami said in an interview published yesterday that the top priority of the cabinet he is trying to form would be to get Israeli forces out of Southern Lebanon.

Mr Karami, appointed by President Amin Gemayel on Thursday, told the English-language magazine Monday morning that Israel would have no excuse for staying once a new Lebanese Government restored law and order. "The most important thing is the liberation of the south and the Bekaa, which are under occupation by the Israeli enemy," he said.

Israel says it will keep its troops in the south until some other force can guarantee the security of its nothern border. The Lebanese army was to have carried out this task, but it split along sectarian lines in heavy fighting around Beirut.

Lebanon in March abrogated its troop withdrawal agreement with Israel under Syrian pressure.

● Lebanese armed groups fired at each other across the front lines in Beirut intermittently yesterday. The shooting broke out in mid-morning between Moslem militias in the west and the Lebanese army and Christian forces in the east.

Grenades, machine guns and automatic rifles were used, but the fighting was less heavy than the previous day.
Reuter.

## Arafat call

Palestinian leader Mr Yasser Arafat said yesterday he planned to call a meeting of the Palestine National Council, the parliament in exile, to be held next month in Algeria, Reuter reports from Kuwait.

# Setback for hopes of Sikh peace

BY JOHN ELLIOTT IN NEW DELHI

THE INDIAN Government's hopes of negotiating a settlement to end the Sikh unrest in the northern state of Punjab suffered a severe setback at the weekend as the death toll in the region's violence rose to nearly 200 in the past six months.

A split in the Sikh's main political party, the Akali Dal, strengthened the standing of Sant Jarnail Singh Bhindranwale, the leading militant, who is believed to be behind most of the violence. This was at the expense of Sant Harchand Singh Longowal, the moderate president of the Akali Dal, with who the Government want to deal.

"I feel the Akali Dal at present does not have sufficient strength for arriving at an agreement with the government because of pressures within the party," said Mr Rajiv Gandhi, son of Mrs Indira Gandi, India Prime Minister and a general secretary of her ruling Congress I Party.

Mr Gandhi was visiting Chandigarh, twin capital of Punjab and the neighbouring state of Haryana, to rebuild morale in the local Congress Party, defying threats by Sikh extremists to kill him.

Security was strict for the 12-hour visit and Rajiv was flanked by about 10 members of the Prime Minister's personal bodyguard. Hundreds of police and paramilitary troops were on duty.

He said there could be no solution while terrorism continued. This indicates that following the Sikh leadership split, the Government has reluctantly had to accept that Sant Longowal does not command enough support to push through any settlement.

Ministers will now have to reconsider their policies and increase their security measures against the terrorists. The split happened late on Friday at a mass meeting called by Sant Longowal at the Sikh's Golden Temple headquarters in Amritsar to thrash out a new Akali Dal policy aimed at reducing the violence. Reports suggest that up to 150 Sikhs walked out, some immediately joining Sant Bhindranwale.

Yesterday, top Sikh religious leaders tried to heal the rift but it was clear Sant Longowal had lost ground.

After eight deaths in a major incident on Friday, a 10-year-old was killed and other people injured.

# Disabled Saudi tanker awaits cargo decision

MANAMA—The fire-damaged Saudi super tanker Safina al-Arao was anchored northesat of Bahrain yesterday. A decision on transferring its cargo is expected in the next two days, salvage officials said yesterday.

The Iranians who boarded the ship on Saturday have now left, they added. As many as were reported to have gone aboard the vessel from a ship owned by a U.S. company.

The had demanded that the tanker be returned to Iranian waters, said a spokesman for Smit International, the company in charge of the salvage operation. He denied reports that the Iranians were armed and said that they left the ship voluntarily.

The tanker was disabled on Wednesday night by a fire which has been unofficially attributed to an Iraqi missile attack. It is now said to be in international waters, 25 miles east of the entrance to the Bahrain harbour channel.
AP-DJ

Shipping report Page 4

# Airlines pact for Libya and Egypt

CAIRO – The national airlines of Egypt and Libya have agreed in principle to resume flights between the two countries which were halted in 1979, an Egypt Air officials said yesterday.

The decision was made at a secret meeting in Tripoli last week attended by an Egyptian Ministry of Economy official and two Egypt Air representatives.

The agreement comes just one month after Egypt accused Libya of masterminding a bomb attack on the Sudanese radio station near Khartoum. It could signal a thaw in bilateral relations, analysts in Cairo said.

The ministry official said the airlines also agreed to release funds frozen by the two countries following the break in air traffic.

The airlines have yet to agree on a date for the resumption of flights, pending final agreement between the civil aviation authorities of the two countries.

Flights were broken off as part of total Arab boycott of Egypt after it signed the Camp David peace treaty with Israel. Reuter

# WORLD TRADE NEWS

## Arab-backed tank project in Brazil attracts UK

By Andrew Whitley in Rio de Janeiro

BRITAIN stands a good chance of winning 50 per cent of the value of equipment orders for a new medium tank being developed by Brazil with Arab finance. These orders could eventually be worth as much as $500m.

Major British defence companies, led by the Royal Ordnance Factory, Racal, and Rank, are bidding for work on the 35-tonne tank being built by E7ngesa, the privately-owned Brazilian manufacturer of armoured vehicles and light tanks.

Britain's main interest is in the supply of a 105-millimetre smooth bore gun for the tank, to be provided by the Royal *Ordnance Factory. This order* for one of the two versions of the tank is thought to be virtually certain.

Other components likely to be provided by British suppliers include optics and communica- are also *bidding*, with an *alter*native, rifled gun, and other manufacturers from Belgium and West Germany are in the running.

The new tank is being built almost exclusively for the *export market. The most likely* customers are Iraq and Libya which have bought large quantities of Brazilian weapons, notably missiles and armoured vehicles worth several billion dollars, over the past five years.

*Libya is known to have* approached the Brazilian Government last year with an offer to finance the development of a main battle tank in the 52-tonne range, with a planned production run of 1,000 units.

In March a mysterious investor, the Arabraz Trading Corporation, took a $5m stake in Engesa. The investment was regarded by Western diplomats as "seed money" for the development of the tank.

The new Engesa tank, code-named the EET-1, whose first prototype will be available in July, appears to be the result of secret negotiations between Tripoli and Brasilia. Brazilian *press reports say it will be* comparable to Britain's Chieftain or the West German Leopard II in terms of firepower, mobility and range, but will be a third lighter than its Nato rivals.

**Jason Crisp** and **David Tonge** explain how politics became entwined in a vital telephone contract

## ITT and Turkey: when pride came before a fall

ITT, the U.S. multinational conglomerate, was cock-a-hoop earlier this month when it announced it had won a $300m order to sell advanced digital telephone exchanges to Turkey. The contract *represented the* largest single order for System 12, the digital telephone system developed by ITT's European subsidiaries at a cost of about $1bn.

The order confirmed that ITT *was becoming the world's leading* vendor of telephone exchanges and followed successes in China, Belgium, Italy, Norway, and Switzerland. With such astronomical development costs and a limited number of open markets, the battle to sell advanced digital telephone systems is becoming increasingly fierce and increasingly political.

No sooner had ITT claimed victory in Turkey than a major row erupted. LM Ericsson, the Swedish telecommunications group which has had considerable success in international markets and is normally very well informed, was stunned. The other two leading competitors for the Turkish contract are Siemens of West Germany and Fujitsu of Japan, who appeared equally surprised.

By last week it was clear that ITT's victory was far less certain than the company had stated. But ITT repeatedly and emphatically denied there was any doubt about the contract. It said a letter of award had been signed at the beginning of April by Mr Servet Bigli, director general of the Turkish Post, Telegraph and Telephone Administration (PTT) and Mr Veysel Atasoy, Minister of Communications.

Last Tuesday ITT issued a confident statement: "There is absolutely no truth to reports that our agreement to supply System 12 to Turkey has fallen through. There is no problem with financing, and in fact, there are no problems with the agreement at all. Everything is proceeding smoothly. Obviously our competitors are making a desperate and futile attempt to derail a signed agreement."

But by the end of the week ITT's position was far less certain. On Thursday Mr Turgut Ozal, the Turkish *Prime* Minister, confirmed what was being said by Government officials: "We have made no final decision. We are still open to all the companies."

This time it was ITT which *was stunned. It continued* however, to insist it had won the contract. Mr Bernard McFadden, president of ITT Africa and Middle East, left a dinner party in Brussels to make a brief statement in reply *to Mr Ozal's comment: "The* letter of award issued on April 5 states a decision has been made and that Bell Telephone Manufacturing (ITT's Belgian subsidiary) has been awarded the tender."

According to Turkish reports, ITT was told that the letter of award was conditional upon the company helping Ankara persuade the U.S. Congress not to link aid to political concessions in Cyprus. Last month the U.S. Senate foreign relations committee insisted that $215m of the $934m aid proposed for Turkey in fiscal 1985 should be linked to Turkish willingness to let Greek Cypriots resettle in an area occupied by Turkish troops in 1974.

Mr Ozal's Government, which took office four months ago, has made the attraction of foreign investment one of its chief priorities. It has shown considerable openness to U.S. companies but this is the first time any explicit linkage has been made between politics and investment.

At one *stage last week*, it looked as if a similar problem might be occurring with a major Turkish order for F-16 aircraft, but the last-minute postponement of a signing ceremony turned out to be only so that two clauses could be modified, according to the Government.

The Turks were apparently unimpressed by ITT's inability or unwillingness to help remove the link between aid and political concessions on Cyprus. As a result, the PTT was instruced to review the other suppliers. The contract is to supply half the main exchanges in Turkey as part of its $6bn modernisation of the telephone network. The other half of the exchanges are being supplied by Northern Telecom of Canada in an order won last year.

There have inevitably been a number of accusations of foul play. Turkish Government officials have said that ITT's press statement announcing its victory was premature. But that statement quoted Mr Bigli and was approved by other Turkish officials, according to ITT. Mr Bigli is said however not to have had the approval of the PTT board.

LM Ericsson, which despatched a senior executive to Turkey as soon as it learnt of the ITT claim, announced earlier last week that it was pursuing the contract on the grounds it had not been awarded. It was claimed that this was "sour grapes" on the part of the Swedish company, which was still smarting from a recent ITT victory in Norway where it won a contract to supply over 500,000 lines of System 12.

Siemens wrote to the Turkish Government because *it had* not been given an opportunity to improve its terms before the contract was apparently made to ITT. Siemens had had the full backing of the West German Government in its bid for the contract including financing, and if it won, there would be more jobs for Turks in West Germany.

It is now expected to take two weeks to decide which of the four companies has won the contract, with ITT still clearly in a strong position. In the deal originally announced, ITT was to take a stake in Teletas, the Turkish telecommunications group, which would eventually build System 12 under licence. *But Siemens, with its strong* links with Turkey, is also thought to be in a good position.

## For sale, as new, U.S. reactors at bargain rate

By Nancy Dunne in Washington

THE U.S. nuclear power *industry, faced* with trying to dispose of millions of dollars worth of unusable equipment, is looking to the Far East as a market. Licensing delays and more stringent safety rules, following the accident five years ago at *the Three Mile Island* nuclear plant, have pushed up the costs of nuclear power so much that companies have been forced to abandon projects.

The most expensive white elephant so far is the Clinch River breeder reactor—which was abandoned by Congress last year after $1.7bn had been spent on site preparation. A hole in the ground and $350m worth of stored equipment are all that remains.

From the time it was authorised in 1970 the Clinch River reactor was a target for environmentalists, who said it was unnecessary, too costly and would lead to the spread of nuclear weapons. The campaign intensified after the Three Mile Island accident.

Officials from the U.S. Department of Energy are now trying to find uses for some of the Clinch River equipment in two other operating breeder reactors. The rest is being offered to Japan for the cost only of its transportation and storage.

"There's not all that much we can do with the equipment," said a Department of Energy spokesman. "The components were specifically designed for Clinch River and breeder reactors in other countries are not similar in design."

In mid-1983 the Department signed an agreement to share technology and information *with Japan, whose Monju plant* is similar to the Clinch River project in size and design. In a face-saving move, the Department is now negotiating to "effect a technology transfer in return for information" about *how the Monju plant operates.*

President Ronald Reagan's trip to China has also raised hopes for a market there for unused reactor parts. Mr Arthur J. Santry, chairman of Combustion Engineering, a *Connecticut* company with Chinese links, told shareholders last week that the company would try to sell an unused nuclear - reactor and reactor pressure vessels worth about $20m to Chin

## Spanish car output fuels row

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

SPAIN will continue to show the fastest growth in vehicle production this year and next, of the leading car-producing nations, while the UK can be expected to put up the worst performance, accoding to the latest report from Automotive Research and Management Consultants (ARMC).*

The forecast will add fuel to the argument about the differences in tariffs between the two countries. Spanish cars can enter the UK and other EEC countries under a tariff of only 4.4 per cent, but British cars face a 36 per cent barrier in Spain.

Austin Rover, BL's subsidiary, argues that this imbalance might have been reasonable when the tariffs were first established in 1970, but not now *that Spain has overtaken Britain* to become the fourth-largest vehicle producer in Europe.

ARMC estimates that UK car output will fall by 7.5 per cent from the 1983 level this year to 990,000 cars and by a further 8.5 per cent to 980,000 in 1985. Spanish production is forecast to improve by a further 31.5 per cent from the 1983 total to 1.27m cars this year and to 1.32m in 1985.

**VEHICLE PRODUCTION**

% change on 1979

| | UK | Spain |
|---|---|---|
| 1980 | −13.7 | + 6.5 |
| 1981 | −10.8 | −11.4 |
| 1982 | −17.1 | − 4.0 |
| 1983 | − 2.4 | +18.3 |
| 1984* | − 7.5 | +31.5 |
| 1985* | − 8.5 | +36.7 |

(In 1979 the UK produced 1.07m vehicles and Spain produced 966,000). * Forecast.

*Source: ARMC*

World-wide vehicle output (commercial vehicles and cars) will by 1985 be 5.7 per cent above the previous peak reached in 1979 at about 37.3m, the report predicts.

But the U.S., France and the UK will not reach their 1979 output level in 1985, worst affected being the UK with a 15.8 per cent shortfall on its 1979 vehicle output of 1.479m.

ARMC points out that some countries are failing to benefit from the rise in worldwide vehicle output and this is creating severe difficulties for component manufacturers supplying mainly domestic markets. Component companies need to spread their interests across a number of vehicle production *countries, the group says.*

The report also says that some European vehicle manufacturers are losing competitiveness compared with the two U.S. giants, General Motors and Ford.

*The two U.S. companies now* have nearly one-quarter of the European market and are making record profits as a result of the resurgence in North American car and truck sales.

● Ford has signed a 10-year contract worth about $10m a year to supply Inthelco of West Germany with Fiesta engines, transmissions and other components for a multi-purpose vehicle called the Pony-Super.

The Pony-Super will go into production in Greece later this year and be manufactured for Inthelco by Namco International of Thessaloniki.

The vehicle will be powered by Fiesta 950 cc or 1.1-litre engines supplied from the UK by Ford Parts Operations.

**International Automotive Review, quarterlu from ARMC, 7 Tavistock Square, London WC1H 9QJ, price £85 or £240 annual subscription.*

## 30% fall in Italian wine exports

By James Buxton in Rome

Italian wine producers last year suffered a sharp drop in exports, down almost 30 per cent in volume at 13.5m hectolitres, and by over 6 per cent in value.

Taking into account the high Italian inflation rate last year's export earnings of L1,078bn (£469m) were in real terms about 20 per cent *below those of 1982.*

The drop in exports is mainly accounted for by the fall in sales of bulk wine to France and other countries.

## China coal deal signed

Mr Armand Hammer, chairman of Occidental Petroletum, yesterday signed an agreement in Peking to take part in China's largest joint venture *with a foreign company*, a $640m coal mining project which was delayed by problems over wages and financing, AP reports from Peking. A formal contract is to be signed in July.

SHIPPING REPORT

## Gulf rates slack despite Saudi tanker explosion

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE explosion and fire on the Safina Al Arab, a large tanker under the Saudi flag after it had taken on a cargo at the Iranian Kharg Island terminal did not cause rates to move ahead last week.

Demand for tonnage was slack, Galbraith's said, and about 36 ships were available in the Middle East before mid-May above 200,000 tons; of these, 14 were above 300,000 tons.

It was unclear at the end of the week just how the Safina Al Arab had been hit, and by whom. The ship is part owned by Salen of Sweden. Until more is known about the cause of the explosion, Galbraith's said, "it is unlikely that any prudent *owner would be willing to send* tonnage to Kharg Island."

If activity at Kharg tails off, "this is likely to create some uncertainty on the VLCC (very large crude carrier) market, where rates might even fall back slightly for cargoes loading in, say, Kuwait and Saudi Arabia."

**WORLD ECONOMIC INDICATORS**
**RETAIL PRICES**
(1975=100)

| | Feb. '84 | Jan. '84 | Dec. '83 | Feb. '83 | % change over previous year |
|---|---|---|---|---|---|
| W. Germany | 143.0 | 142.5 | 141.8 | 138.7 | 3.1 |
| France | 239.3 | 237.6 | 235.9 | 219.6 | 9.0 |
| Italy | 370.2 | 366.3 | 361.9 | 330.6 | 12.0 |
| Netherlands | 160.5 | 159.5 | 159.2 | 155.0 | 3.5 |
| Belguim | 179.1 | 177.8 | 176.1 | 167.3 | 7.1 |
| UK | 255.2 | 254.2 | 254.3 | 242.8 | 5.1 |
| U.S. | 190.1 | 189.3 | 188.2 | 181.8 | 4.6 |
| Japan | 152.9 | 151.7 | 151.2 | 148.4 | 3.0 |

*Source: Eurostat*

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# Thatcher looks to third term

## Prime Minister rallies supporters in message to celebrate five years in office

IN A message to celebrate the anniversary of her coming to power five years ago Mrs Margaret Thatcher anticipates a third term as Prime Minister and makes it clear that she will not be deterred from pressing on with her present policies, John Hunt writes.

Her statement, issued over the weekend, has come as a surprise to MPs and some of her own followers since it contains no new policy initiatives.

But it was obviously timed to rally Conservative supporters to vote in this week's district council elections. These are seen as a referendum on some of the Government's more contentious policies such as the proposals to abolish the Greater London and metropolitan county councils.

Although a weekend opinion poll showed the Conservatives ahead nationally, the news on the local election front was not so favourable

When voters in urban areas were asked how they intended to vote in the local elections 46 per cent said Labour, 33 per cent Conservative and 18 per cent Social Democratic Party/Liberal Alliance. There are also three important parliamentary by-elections taking place on Thursday at Surrey South West, Stafford and Cynon Valley.

Mrs Thatcher made clear that the miners' strike would not deflect the Government from its policies. "Every bit of industrial disruption just adds to the mountain we have to climb," she said. "But we are succeeding."

She also laid heavy stress on the need for the Government to protect the weak. This was taken as an undertaking that the police would continue to protect miners who wished to work in defiance of pickets. Mrs Thatcher said that on Friday of this week she would have been in office for five "eventful and action-packed" years. She looked back on them with *a sense of achievement* and encouragement. But her thoughts would be on the next five years and beyond to the task of regenerating the country's vigour and enterprise.

The Government was strong enough to safeguard the value of the currency, uphold law and order, and resist the call for intervention and interference in industry.



# Pressure grows for Libyan siege inquiry

BY JOHN HUNT

STRONG PRESSURE is building up on the Government to order a full-scale independent inquiry into the siege of the Libyan People's Bureau in London and the events leading up to it, during which a police officer was shot dead.

Mrs Margaret Thatcher, Prime Minister, was yesterday considering a letter sent to her by Dr David Owen, leader of the Social Democratic Party (SDP) who called for a "Falklands-style" inquiry.

Similar calls were made yesterday by Mr Gerald Kaufman, Labour's home affairs spokesman, Mr David Steel, the Liberal Leader, and Mr Eldon Griffiths, the Conservative MP who is parliamentary adviser to the Police Federation.

The feeling within the Government it that an inquiry of the type mounted by Lord Franks on the Falklands war would not be appropriate. But a smaller-scale inquiry was not ruled out.

Ministers will be discussing the matter today and Mr Leon Brittan, the Home Secretary, is expected to make a statement in the House of Commons; probably tomorrow.

Irrespective of what is announced, *it is possible that the* Commons Select Committee on Foreign Affairs will decide to look into the matter.

Yesterday Mr Brittan said that 11 of the Libyans in the bureau were *not accredited diplomats and could*, technically, have been detained on a criminal charge. But police thought it was not possible to obtain enough evidence to press charges. About 19 of the Libyans had diplomatic immunity.

The Home Secretary said it was easy to be wise after the event, but the Government had to take into account the need to bring the siege to an end as soon as possible, and consider the real risk to Britons in Libya.

He declined, however, to say how the police had satisfied itself that those leaving the bureau had not been carrying arms and explosives – one of the key points on which he is likely to be pressed in the Commons.

Mr Kaufman said that Labour would particularly want to know about the warning which the U.S. was supposed to have passed on about the possibility of violence when the demonstration took place outside the bureau in St James Square.

He was dubious about reform of the Public Order Act to stop demonstrations outside embassies. The main thing, said Mr Kaufman, was to stop "*thugs and murderers*" coming into Britain the first place.

Mr Steel was concerned to find out why earlier action had not been taken when the bureau was taken over by revolutionary students in February. *For two months* no acredited diplomat seemed to have been in charge there.

Mr Griffiths wanted to know why the government did not intervene to look into this aspect earlier. He also *believed that sufficient evidence* was in the hands of the Foreign Office to have warned the police that trouble might arise when the dissidents demonstrated outside the bureau.

*Justinian, Page 8*

# High coal stocks help industry through strike

BY OUR INDUSTRIAL STAFF

BRITISH INDUSTRY is entering the eighth week of the coal miners' dispute claiming that in spite of some disruptions to normal delivery patterns, it has survived without serious loss of production.

Only British Steel Corporation (BSC) which is suffering some tightening of supplies to its Ravenscraig and Scunthorpe works, appears to be worried about the immediate future.

**Mr Roy Hattersley, Labour's deputy leader, admitted yesterday that the miners' strike posed electoral danger for the party. He said an opinion poll at the weekend *putting the Conservatives* 6 per cent ahead of Labour reflected public disapproval of Labour's support for the miners.**

At power stations, coal stocks have been maintained at a high level as oil-fuelled capacity – which was out of service before the strike because of its high costs – has been fired-up. Coal stocks have also been helped by the growing use of nuclear generated electricity and low demand caused by an unusually warm spring.

Although the Central Electricity Generating Board (CEGB) has drawn a veil of secrecy over its stockpile figures, Whitehall officials involved in monitoring the dispute say there are at least 24 weeks' supply on hand. At the present rate of coal consumption it might be possible to survive a strike well into next winter without electricity supply cuts.

The picture among the country's main industrial coal users is as follows:

**Power stations:** The CEGB is in the process of bringing on stream its 18 most modern oil-fired stations, although this process is believed to be taking longer than expected in some cases. In total, the board has about 9,000 MW of oil-fired capacity, compared with a springtime peak demand of about 32,000 MW.

An important question still to be resoved is who will pay for the extra costs of burning oil rather than coal. Normally, industrial electricity purchasers would feel the effects of higher fuel costs through the monthly fuel cost adjustment mechanism, but the board has decided to carry the costs of the extra oil purchases on its own account for the time being.

**Steel:** British Steel learned on Friday that steel, rail and mining unions had agreed to cut the number of trains carrying imported coal from Hunterston to BSC's Ravenscraig works in Scotland from two to one a day.

The unions' intention is to allow Ravenscraig coke ovens and blast-furnaces to be kept warm and so avoid damage, but to prevent iron production.

The Scunthorpe works, which along with Llandwern in South Wales is one of only two BSC plants to rely almost entirely upon British coal to feed coke ovens, has been operating at half capacity since late March.

**Cement:** Commander Henry Pinnock, director of the Cement Makers' Federation, said his members were "not seriously affected as they have substantial stocks of coal and are still receiving supplies."

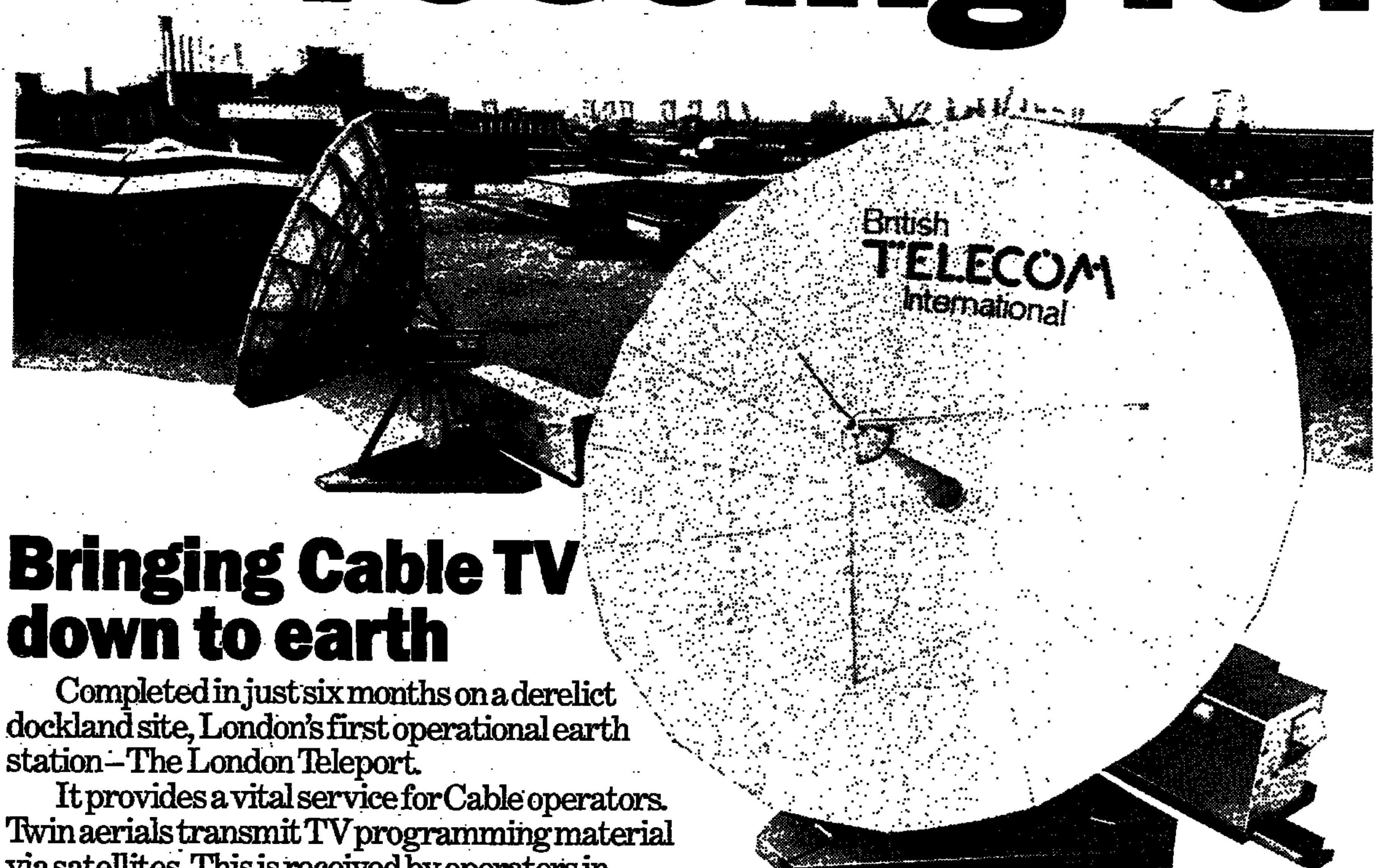
**Foundries:** The most obvious effect of the strike on British iron foundries has been to push up coke prices by more than 50 per cent since the start of the dispute.

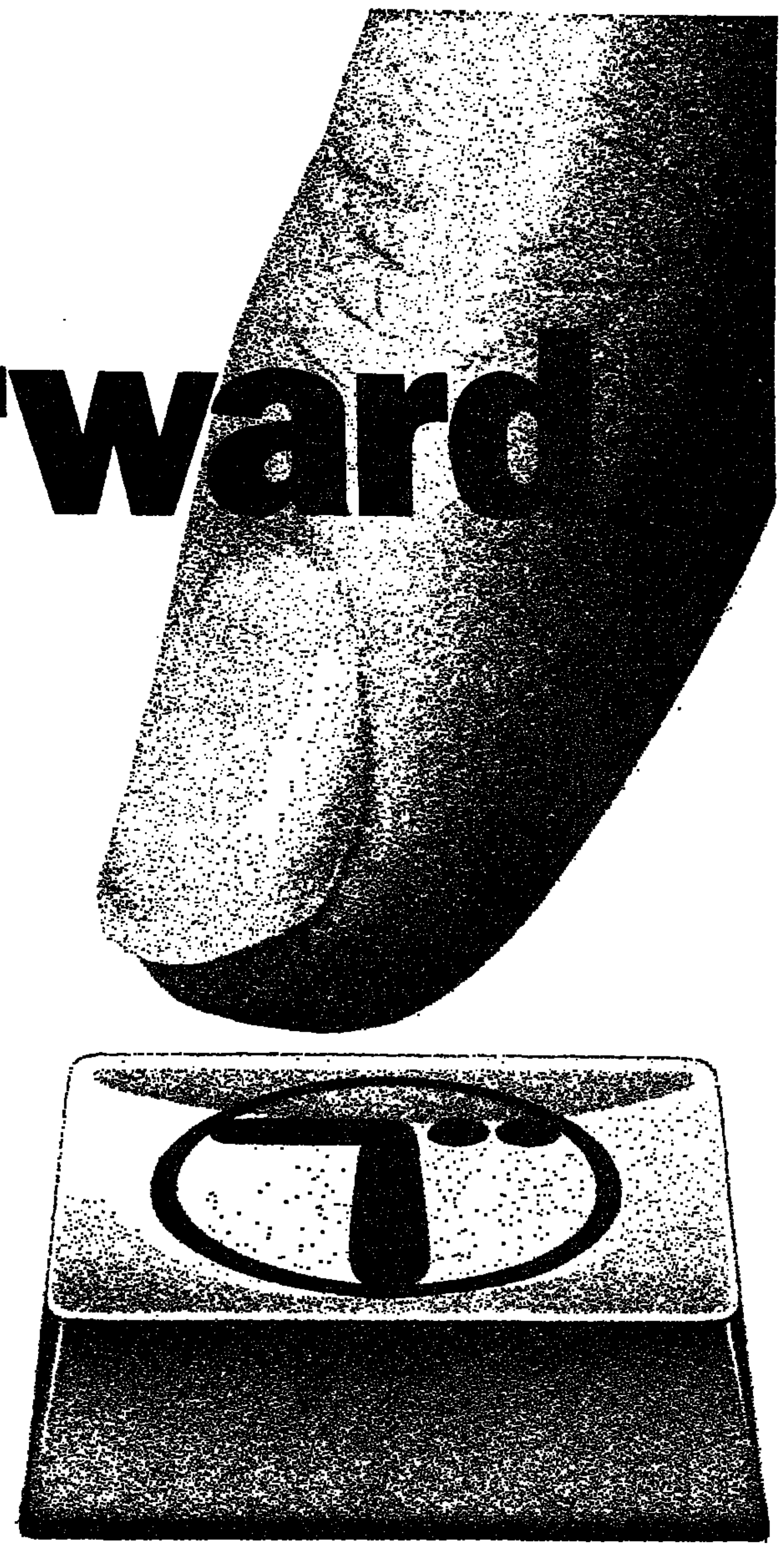
"We know of no companies that have closed as a result of the coal strike," Nr Norman Gledhill, director of the British Foundry Association, representing 140 foundry companies, said.

The industry was keeping a "low profile" to avoid secondary industrial action by striking miners, he said. Some foundry companies had received "dispensation" from local committees of the National Union of Mineworkers and had been allowed to get their normal coke supplies.

**Chemicals:** Imperial Chemical Industries, which consumes about 600,000 tons a year of coal for its own internal generation of electricity, said, it had sufficient stocks to last for "months, rather than days."

# Pressing forward



## Bringing Cable TV down to earth

Completed in just six months on a derelict dockland site, London's first operational earth station – The London Teleport.

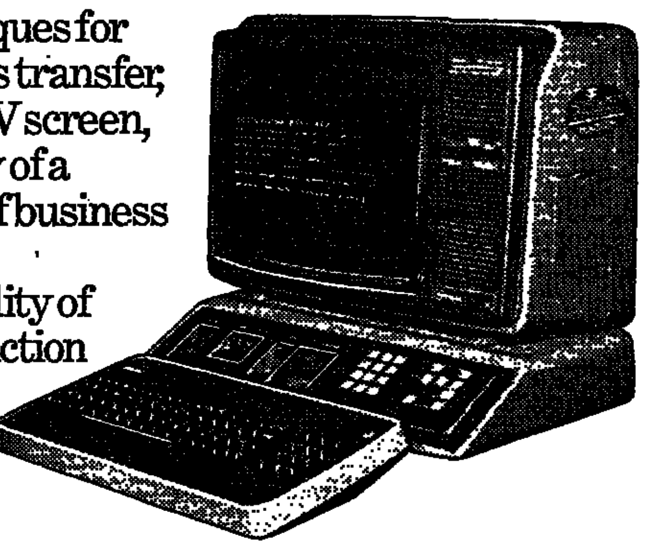
It provides a vital service for Cable operators. Twin aerials transmit TV programming material via satellites. This is received by operators in Britain and abroad through small dish aerials on their premises.

Four more aerials will provide City businesses with the advanced high-speed information services managers today find essential.

## Taking stock – minute-by-minute

New equipment, new techniques for stock and credit control, for funds transfer, even for selling directly off the TV screen, give management the possibility of a minute-by-minute overview of business operations.

A key to the real-life viability of these seemingly science fiction developments is Packet SwitchStream (PSS), and KiloStream, just two of British Telecom's growing range of digital services.



PSS and KiloStream provide fast, high quality data transmissions at the most economical cost.

They are already widely available in major business centres and they are rapidly expanding countrywide.

## How doctors get the picture – by phone

Specialists on call can now save vital time by viewing medical information – X-rays, brain scans and other graphic diagnostic aids – on their home TV sets.

A new system developed by British Telecom connects transmission equipment at a hospital with the doctor's home via the telephone network. Capital cost is not large, and the system operates for the price of a telephone call.

A pilot scheme is already in operation – with plans well advanced for extension to the rest of Britain, and then overseas.

A public service that could literally save lives: a new market for British Telecom.

## *Competing in a world growth market...*

**Trading contracts agreed with 60 countries.**

**Turnover growth from overseas business up 50% in past year.**

**Training expertise wins £8 million Middle East contract.**

**World's first intercontinental data transmission service operational.**

**Transworld Airlines choose British Telecom for international data transmission service.**

## Wall Street – here we come!

"The Thundering Herd" buys British. Merrill Lynch Capital Markets, the world's largest stockbrokers, is replacing current equipment with our unique City Business System.

This provides international dealers with comprehensive telephone facilities, data retrieval, computer access and telex in one compact terminal. All controlled simply by touching the monitor screen itself.

The City Business System has already won orders worth over £16 *million*, with exports to four continents.

**NEXT:**
**Telex – plus.**
**Voicebank.**
**Electronic mail – worldwide.**
**And more.**

British TELECOM The power behind the button.

# UK NEWS

LEGAL QUESTIONS ON THE SIEGE OF THE LIBYAN PEOPLE'S BUREAU

## Ways around a diplomatic blockage

ONCE THE idea of storming the Libyan People's Bureau in London was ruled out, it was generally assumed that the only option open to the British Government was to expel all the members of the Libyan mission in the building by breaking off diplomatic relations between the two countries. The law relating to diplomatic immunity, it was thought, dictated that sole course of action.

But neither English law nor international law is so dogmatic as to have made that alternative inevitable. A third option was available – namely, of declaring one or more members of the mission *persona non grata*, while continuing diplomatic relations between the two countries.

The initial step in the argument that prompted the Government's action was to restrict consideration to the criminal act of a single mission member or possible non-member who fired the fatal shot at the woman police officer. It was conceded that unless the police were able to question the persons in the building it would not be possible to identify the individual who presumably had committed the crime of murder. By concentrating on a single individual, the authorities felt frustrated, instead of considering other crimes that may have been committed.

There is a public misunderstanding about the diplomat's immunity for crime. The law makes a clear distinction between a diplomat's liability for crime and civil wrong and his liability to legal process. Only for the latter is there complete immunity. Moreover, there is no question that the criminal activity could be said to be in respect of the diplomats' official acts, even were the distinction between official and unofficial acts legally valid.

So far as criminal acts are concerned, there is no question of prosecution during the duration of diplomatic immunity. There is at least a gentlemen's agreement not to prosecute after its termination, although there is no law that would prohibit it. But it is abundantly clear that in respect of an unofficial act, a diplomat is as much the subject of the local law as anyone else, even the criminal law. Moreoever, the immunity is not the diplomat's but that of his head of mission who can waive the immunity.

In 1940, a code clerk in the U.S. Embassy in London was arrested on charges under the Official Secrets Act and of theft of certain copy documents which would, in the ordinary course, have been destroyed. His employment was terminated and his immunity waived by the ambassador. He was prosecuted, convicted and sentenced to seven years' penal servitude. The Court of Criminal Appeal* held that the waiver was effective to remove the obstacle to a prosecution in the English Courts.

The court said that it would be a strange application of the comity of nations that the continuation of the immunity, despite the waiver, would allow a diplomat to commit crimes with impunity.

It is rare indeed for a government to treat a single incident, even one so serious as the shooting of a police officer carrying out patrol duties at a demonstration outside the mission premises, as sufficient cause for terminating diplomatic relations. The explanation for the British Government's action must be that what took place on April 17 was merely the culmination of a series of events that took relations between Britain and Libya to such a low ebb that no other course was politically sensible.

If the Home Secretary, in consultation with the Foreign Office ministers, had thought that the event of April 17 by itself was not an adequate cause of disruption of diplomatic relations he surely would have opted for declaring some, if not all of the mission members *persona non grata*.

Now that the diplomatic status of the mission's premises has dropped away, the police are entitled to enter and search the building for the purposes of pursuing their criminal investigation. Article 45 of the Vienna Convention only requires that any entrant should respect the property which remains in the ownership of the erstwhile diplomatic mission. But that article of the convention, unlike other articles dealing with the immunities, does not have the force of law in the UK. In so far as there might be a violation of the respect for the property, it would at most be a breach of international law.

Parliament's consideration of the whole affair is likely to concentrate on the inviolability of the diplomatic bag and the inability of customs or the police to search its contents. An amendment to the Police and Criminal Evidence Bill providing for such search on warrant from a judge may be considered at the Bill's report stage in the House of Commons next month.

Article 27 (3), which is part of English law, states baldly that "the diplomatic bag shall not be opened or detained". Article 27 (4) says that the bag must bear visible external marks of its character "and may contain only diplomatic documents or articles intended for official use". These provisions have generally been interpreted to mean that there can be no search of the properly marked bag. It would clearly need an amendment before the parties to the convention would contemplate any kind of scrutiny of a diplomatic bag.

Amendments to the Vienna Convention require a complicated and long drawn-out procedure. No change in English law could be made, even in anticipation of a change in international law. The best that can be hoped for is that the Government might attempt to make separate arrangements with individual countries extending or restricting the immunity of the diplomatic bag. The Vienna Convention itself acknowledges that countries may enter into bilateral arrangements. A stricter interpretation of the phrase that prohibits the opening or detaining of the diplomatic bag, which allowed scrutiny without detention or unsealing, might be permissible.

The trouble is that countries whose laws and customs we respect would readily agree to such an arrangement, but it is not they whose diplomatic communications need to be subjected to search. But at least such arrangements would give a lead in the development towards a universal rule permitting some scrutiny of the diplomatic bag.

* *R v A.B. [1941] 1 K.B. 454*

**Justinian**

## Forum unlikely to agree Ulster strategy

BY BRENDAN KEENAN IN DUBLIN

THE REPORT of the New Ireland Forum which has been studying options for possible political change in Ireland, is due to be published in Dublin on Wednesday. It is now expected to be a compromise document, aimed more at launching a new Anglo-Irish political initiative than prescribing specific ways of solving the Northern Ireland problem.

Leaders of the four parties involved in the forum have been busy until the last moment drafting a report which will take account of their differing perspectives. Their final effort will be presented to the forum's full membership today. Copies will be collected afterwards to prevent premature leaks.

The four leaders – Dr Garret FitzGerald, the Irish Prime Minister, his partner in the governing coalition, Mr Dick Spring; opposition leader Mr Charles Haughey and Mr John Hume of the Northern Ireland-based Social Democratic and Labour Party – are understood not to have reached agreement on a single political strategy.

They have agreed on a call to Britain to undertake a radical new Ulster policy to prevent the situation in the province worsening.

Reports in Dublin say the forum may call for a constitutional conference, involving London and Dublin, to draw up new political structures for the whole of Ireland. It is not yet clear how the forum thinks the inevitable Unionist opposition to such a proposal can be overcome.

Some officials suggest that the very existence of the forum for almost a year may be more important than the content of the report itself. By this reckoning, the forum will have been a success if it produces fresh efforts by the British Government to find a political solution in Ulster, and makes international opinion more favourable towards Dublin's position.

Dr FitzGerald's Government is expected to follow publication with a diplomatic offensive to win support for the idea of a constitutional initiative. The first objective is said to be a summit meeting between Dr FitzGerald and Mrs Thatcher.

# Microcomputer software sales 'set to top £750m'

BY GUY DE JONQUIERES

THE VALUE of the UK market for software for microcomputers will overtake sales of the machines themselves by 1986 and will reach about £750m a year by 1988, according to a study by the Economist Intelligence Unit.

Most of the growth is expected to be in software for home computers costing less than £500 in 1983 prices, which will account for half of all microcomputer software sales by 1988. Machines costing under £100 will account for almost 30 per cent of total software sales.

A further 10 per cent of the software will be for "home professional" machines costing £500–£1,000 and the rest for business microcomputers priced at more than £1,000. About 85 per cent of software sold last year was for use with machines costing less than £2,000.

The software market for home use will be double the value of the sales of home computers by 1988. But software sold for business use will be worth only about a third of sales of business microcomputers, the study says.

The survey estimates the total UK software market at £127m in 1983 and puts the average annual growth rate up to 1988 at 40 per cent.

In spite of the recent growth of UK software companies, of which there are about 3,000, the country is still buying more software from overseas – mainly the U.S. – than it sells abroad. In the first seven months of last year, exports totalled £10m, against imports of £27m.

Only one British company, Micro Focus, has achieved an international presence for its software products which compares with the performance of the top U.S. companies, the study says. The UK leader on the home market was Psion, with sales of £4m last year.

The study says that while the quality of UK software is generally good, it is hindered by poor presentation and marketing. Most of the companies producing it are small and have not been in business long.

W.H. Smith is the leading retailer of software for home computers, with 15–20 per cent of the market, followed by Boots, with about 10 per cent.

*The Markets for Microcomputer Software in Europe. UK market study (Vol 3) Economist Intelligence Unit, 27 St James' Place, London SW1A INT. Price: £1,100.*

Jason Crisp writes: Staff at Sinclair Research worked over the weekend to send out the first QL computers to customers to meet the promised April delivery date. Sinclair Research, the company founded by Sir Clive Sinclair, has been strongly criticised for delays to the QL which was launched in January and first promised by the end of February.

The QL, which costs £400, was held up by two technical problems. More than 13,000 people have ordered the new computer and the waiting list now stretches to July. The problems were on the operating system – the software which enables the computer to function – and with one of its custom-made microchips.

The main reason for the delay was because Sinclair underestimated the microchip memory needed to store the operating system. As a result, the first QL computers will have an extra microchip attached to the back of the computer. It may take up to two months to increase the internal memory of the computer.

The company decided to offer the computers with the add-on microchip rather than put back deliveries even further. Customers will be offered a free conversion when the revised computer becomes available.

Sinclair Research, which has been highly successful at pioneering low cost computers, has also been criticised in the past for late deliveries of its computers. The criticism has been particularly strong this time as the company appeared to repeat past mistakes. A number of other personal computer companies have delayed launches.

# Thorn and Electra in joint deal

By William Dawkins

ELECTRA Investment Trust is involved in a joint venture with electronics company Thorn EMI to invest in an unlisted software business.

The deal is said to be the first of its kind by any UK investment trust, and marks the first stage in a programme under which Electra may take joint venture stakes in up to a dozen start-up companies. About half of Electra's £200m portfolio is invested in unlisted businesses.

Thorn EMI and Electra have each promised to invest £100,000 in System Simulation, a designer of advanced graphics and data-based software which employs seven people.

System Simulation's management will end up with 40 per cent of the equity, while Electra and Thorn EMI will hold 30 per cent each. Thorn EMI will have a seat on the board, and provide marketing support, as well as purchasing System Simulation's products and services. The company is already working with Thorn EMI on record monitor software for its HMV subsidiary.

System Simulation's work includes computer animations for the science fiction film Alien.

# Index outpaces fund managers

BY CLIVE WOLMAN

THE UK's pension fund managers, who control more than £100bn of the nation's wealth, last year made less money in the stock market for their 11.5m pension clients than they would have achieved if they had simply invested in all 746 shares included in the FT-Actuaries All-share index.

Nevertheless, fund managers achieved a total return from all investments of 22.7 per cent during the year. These figures emerge from an analysis of pension fund performance in 1983 published by Wood Mackenzie the Edinburgh stockbrokers. Its survey covered pension fund assets worth £64bn, representing 60 per cent of the UK total.

In the UK stock market, in which pension funds own more than £50bn worth of shares, the fund managers performed less well than the average as represented by the FT-A All-share index. The total return from holding all the shares in the index on a weighted basis without discrimination, would have been 29.1 per cent, while the pension fund managers achieved a return of only 28.2 per cent.

The minimum necessary expenses incurred by the fund managers to invest a cash flow of £1.25bn account for only about 0.5 per centage points of this under-performance.

In the U.S. stock market, the UK fund managers under-performed the Standard & Poor's 500 market index by a wider margin than they did in the UK, according to Mr John Chiene, senior partner of Wood Mackenzie.

In Japan, however, the fund managers outperformed the stock market by a large amount. During the year they also made the correct decision to switch money from the U.S. to Japan before a steep rise in the Tokyo stock market.

Their overall commitment of new pension fund money to overseas equities was cut back drastically from 26 per cent in the first quarter to 6 and then 3 per cent in the last two quarters. Overseas equities now account for about 14 per cent of all pension fund assets.

The fund's commitment to the UK stock market was also reduced. Only 22 per cent of new money flowed into UK shares, which accounted for 44 per cent of all assets at the start of the year. This decision will have proved costly in the first few months of 1984 as the UK stock market has risen strongly.

The pension funds increased substantially their commitment to conventional Government stocks and to index-linked Government stocks which have yielded the lowest return of any category of asset in the last 18 months.

Over the past two years several pension fund trustees have shown an increasing willingness to change their fund managers

# U.S. interest rates 'will remain high this year'

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

U.S. INTEREST rates will remain relatively high and the dollar will consequently fall only slowly this year, says Lloyds Bank in its latest International Financial Outlook published today.

The group's economic adviser Mr Christopher Johnson calculates that a fall of 20 per cent in the dollar would be needed to bring the U.S. current account of the balance of payments back into balance, compared with the expected deficit of about $100bn this year.

He says that if investment continues to flow into the U.S. the current account might well remain in deficit.

Mr Johnson expects the pressure on interest rates to be maintained as the Federal Reserve Board tries to hold to its monetary targets and as corporate demand for borrowing rises.

He says: "High interest rates will act as a brake on the hectic pace of the recovery as well as moderating and from time to time reversing the fall in the dollar exchange rate."

He expects a fall of about 7 per cent in the dollar's rate against a trade-weighted basket of other currencies during this year.

The broker Laing and Cruickshank in its International Economic Review, also out today, agrees that interest rates will remain firm in the U.S. this year, but that rates in other countries may fall.

It says that U.S. interest rates will fluctuate around current levels for about a year before following European and Japanese rates downwards.

The broker adds: "Action on the U.S. budget deficit would enable U.S. interest rates to follow world interest rates down in 1985, rather than leave them up as currently expected. The dollar's potential depreciation will be absorbed by a widening of interest rate differentials as Japanese and continental European rates decline by 1 to 2 per cent over the next 12 months or so."

The same view is broadly endorsed by the broker Wood Mackenzie.

# TECHNOLOGY

EDITED BY ALAN CANE

COMPUTER REVIVES FLAGGING FOOTWEAR INDUSTRY

## Shoe makers at last on the right track

BY ANTHONY MORETON AND PETER MARSH

"WE ARE beginning to see technological advances which could close much of the cost-gap between ourselves and the low-cost producing countries of the Far East."

The speaker is Mr Graham Butlin, director of Satra, the Kettering-based Shoe and Allied Trades Research Association. He is talking of the impact of microcomputers in an industry which, outside Italy, has been in decline for almost two decades, caused by a rising tide of cheap shoes which flooded the industrial West from countries such as South Korea, Taiwan, China, Hong Kong, Macao, Indonesia, India and Pakistan —and, more recently, Brazil and Portugal.

The problems facing the shoe industry and its research association are those confronting other institutes serving the textile industry. They have had to come to terms with a rapidly changing technology at a time when their client industries have been unable to fund the necessary changes as a result of industrial decline.

Cheap imports, often developed with the very latest technology, have played as great a havoc with the wool, cotton and man-made fibres industries as they have with footwear.

These industries, and their research associations, have however come to terms with both changed needs and changed means of financing their activities. Mr Butlin could quite easily be talking about his fellow textile associations when he sees the gap diminishing between the UK and the Far East.

"As recently as 1975 we held a conference at which no mention was made of computers. But the whole scene has changed dramatically in the last few years. Computers have been developed in such a way that they can bring enormous gains to industry. We have 20 or so here at Satra, not just for our own use as a research organisation but for use on the factory floor.

"We have, for instance, applied computers to transporters, the conveyor belts which take supplies to each machine worker. The transporters have been programmed so that each operative gets the amount and type of material he or she needs at the moment it is wanted.

"The system has been taken by the British Shoe Corporation in Northampton and two other large manufacturers want us to build one for them. In addition, the commercial applications are being discussed with other concerns."

The development of microprocessors is a good example of the way in which Satra has changed the emphasis of its work to meet the needs of the times.

The association was set up in London in the aftermath of the first world war and moved to Kettering to be nearer the industry, then very much based in the Northamptonshire countryside, in the middle 1930s.

It was probably the first of its kind in the world dealing with research into the footwear industry and remains, according to Mr Butlin, "pre-eminent in our field." It has a budget of £1.8m and a staff of 155 compared with 28 in its German equivalent and 120 in a French association that covers both leather and footwear.

In Italy, which has the largest shoe industry in the Western world, there is no research association at all though the Italians have recently called on Satra to help set one up.

Satra's policy has been clearly defined as improving the competitiveness of companies in high-labour-cost countries. Its base is, naturally, the UK though it pays special attention to Europe. It also has links with research associations in eight other countries and undertakes work for some 20 high-cost countries.

Increasingly, though, it is facing problems over what is a high-cost country. Both Portugal and Spain are excluded, which might cause problems when either joins the European Community. It is difficult, too, to see how Spain can be categorised as a low-cost producer given the strength of its economy, especially when Italy, which has a lot of low-cost manufacturers, is a member.

Satra's other problem is finance. It has taken a policy decision to find its income from membership dues, which at a time of falling payrolls means its budget is continually under strain. Most of the British industry is a member but as the industry has been decimated since the mid-60s—falling from 100,000 workers to around 52,000 since 1970—income in real terms is now under half what it was 20 years ago.

Attracting members from allied trades, such as ICI, Marks and Spencer, Hepworth, J & P Coates and Reckitt & Colman, which pay on the basis of their turnover to the footwear industry, has helped ease the problem as has the growth of overseas members, which now account for half the 800-plus members.

Other main sources of income come from the UK Government through shared contracts and from selling its material—and product-evaluation work.

Mr Butlin says "there is no area of work where we were not active 25 years ago. But now, inevitably, is different."

He remembers early research carried out in what he describes as "true British pragmatic fashion." One process was undertaken by the use of a kettle he had been given for a wedding present and a hair dryer.

"In those days we were essentially looking at speeding the process of shoe production and a vital part was heat-setting the shape into the leather rather than achieving it on the last. For this we won a Queen's Award to Industry for technical innovation.

"Later on we paid more attention to an evaluation of the whole shoe rather than the materials. We were pushed very hard in this direction by Marks and Spencer and as a result set up a shoe engineering department which looked at what was happening to shoes. We took a world lead in this field which we still have.

"Then we set up a fashion technology service to be able to tell our members what was coming and what it meant for them.

"Platform soles, for instance, caused a lot of engineering problems a decade ago and this can be very expensive for the manufacturer unless he has a answer to them.

"The trouble with footwear production is that it is essentially small-batch manufacturing. No manufacturer makes more than 200 pairs a year of any shoe in one particular size and one particular style and one particular colour. The avoidance of errors can therefore be immensely cost-saving."

Satra track at work in British Shoe Corporation's Northampton factory. Computers at last are making an impact on the industry

BRITAIN'S shoe factories could cut costs with an automated system for channelling leather between sewing machines devised at the Shoe and Allied Trade Research Association in Kettering.

The association, which spends £1.2m a year on research, has installed one of the systems at the Northampton factory of the British Shoe Corporation.

Over the next few months, two more shoe plants are due to take delivery of similar hardware, called Satratrack. The association is attempting to find a company that would take over sales of the system. According to SATRA, a commercial version of the equipment that links up 40 sewing machines would cost about £40,000.

Satratrack is intended for use in closing rooms of shoe plants. In closing rooms, workers stitch together perhaps a dozen bits of leather to make the "upper" of a shoe. At a later stage—in the "making room" of the plant—the upper is fixed to the sole and heel to finish the shoe.

The people who work in closing rooms spend a lot of time handling pieces of leather. These are normally sent between machining stations in baskets or on trolleys. Satratrack attempts to reduce the periods the leather is in transit so that there is more time for sewing.

The system has two conveyors, one on top of the other, that travel past a row of machining stations. The conveyors run in different directions.

A supervisor feeds pieces of leather into a series of baskets each of which travels along the top of the two conveyors. Each basket has on its side a label which contains a bar code that a laser can read. The label is similar to that found on supermarket goods for scanning by a laser at the check-out desk.

Before it starts its journey, the basket passes to a device that reads the code. The information is analysed by an Apple computer that works out to which machining station the container should travel.

**Hull University and SATRA are attempting to bring automation to the final stage of shoe-making.**

The basket then starts its journey on the conveyor. When it reaches the relevant machining station, a mechanical arm (activated by a control message from the computer) swings out to divert the container to a point in front of the machine operator.

When he or she has finished the stitching job, the operator puts the basket on the lower of the two conveyors. This sends it back to the reading device, where the computer again checks on the progress of the work and directs the basket to the next station.

In other work at SATRA, engineers are collaborating with Hull University in a project to bring automation to the final "making" stage of shoe manufacturing.

The workers will attempt to teach a robot to press a sole covered with adhesive to the underneath of a leather upper, in this way joining the two. In conventional factories, this is a skilled job. The engineers may need to give their robot a sense of vision so that it can do the task as well as a human.

Testing

## Marconi initiative in test market

MARCONI Avionics, has decided to step up its efforts in the printed board testing market with a range of automated equipment to be officially shown tomorrow at the Birmingham Exhibition Centre.

The company has invested £1m a year on such equipment development and has now launched Orion. It was four years ago that Marconi decided to sell a product which had wider appeal than its large custom test systems such as for the Tornado. This was the compact Alpha range which runs at sales of £1m.

The ATE division broadened the range of components it could test and decided to aim at all sizes of potential customers. Equipment starts at £45,000 up to £130,000 in the Orion range.

Already the company has received two orders; one prior to its launch. One, likely to be worth more than £1m, is for British Aerospace but no details have yet been given. The other order was placed by Control Systems at Herne Bay in Kent which spent five weeks testing Orion for Marconi.

Control Systems uses Orion for production texting and test program development. It said that Marconi's 2200 machine, the smallest in the range, had managed to find more than 90 per cent of faults on printed circuit boards.

Printed circuit board testing can be carried out automatically in two ways: functional and in-circuit testing. Functional tests try out the circuit board by applying signals which may be digital or analogue and wait for the expected response. In-circuit testing searches for components in the wrong place or of the wrong value.

In general automatic test equipment cannot find every fault as it would become too expensive. Mr Paul Rayner, assistant general manager at Marconi Avionics, said that rate equipment with 98 per cent fault finding ability would be twice the cost of one with 90 per cent, not necessarily to the user's benefit.

ELAINE WILLIAMS



Machining

## Flexible lathes

THE LATEST machine from Colchester Lathe Company is able, in one set-up, to produce a variety of shapes and sizes of component by applying boring, milling, drilling and tapping tools.

The CNC 650 is available in chucking and universal forms, both of which are offered with integrated robot, power driven tools, bar feed and other options.

A standard feature is the 16 station rapid indexing tool turret which can change station in 0.75 second—complex multi-process jobs can be performed with the minimum of down-time.

Also standard is a Fanuc 6TB controller which provides such facilities as tool tip radius compensation, programming direct from drawing dimensions, automatic contour roughing cycles and constant surface speed. A small screen assists set-up, showing tool path contour at preselected scales.

An optional integrated loading conveyor accommodates 14 components which are automatically picked up by a robot and placed in the chuck. Multiple storage of programs allow rapid change of component type. More on 0206 865161.

Industrial

## Expanding gases

AN INVESTMENT of £5m to supply the increased market for liquid oxygen and liquid nitrogen has been made by Air Products. The company's plant ready late next year will produce 200 tonnes of gases a year.

The gases are used in the metal working, chemical, food and electronics industries. More details from Air Products at Walton on Thames on (0932) 249271.

# THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

**Robert Cottrell** begins a two part report on Hong Kong's major banking group

**HONG KONG is caught midway between being one of the world's great international financial cities, and being a company town. There are 101 foreign banks operating in the territory, but none so mighty that it has not at some time had to borrow Hong Kong dollars from the Hongkong and Shanghai Banking Corporation (HSBC), which is reckoned to hold 40 to 50 per cent of the local deposit market. Scarcely an individual or company of substance in the whole territory is not, in some respect, a customer of HSBC.**

**The HSBC group includes a 51 per cent stake in Marine Midland Bank, the 13th largest bank in the U.S., and 61 per cent of Hang Seng Bank, the second-largest bank in Hong Kong after the HSBC parent company itself. HSBC's market capitalisation of some HK$ 20bn is the largest of any publicly-quoted bank in the world. In asset terms, HSBC group ranks 20th in the world.**

**Hong Kong law does not require HSBC to publish its true profits or net worth, but allows banks to maintain secret reserves topped up by undisclosed transfers from earnings before a published profit is struck. The HSBC has been in business for 119 years: it is impossible to guess how much, or how little, it may have salted away.**

**The 15 years between 1967 and 1981 were an era of outstandingly rapid growth for HSBC, powered by the strong performance of the Hong Kong economy and the development of branch banking within the Territory. The bank crowned that era with its acquisition of Marine Midland — and would have gone on to buy Royal Bank of Scotland, Britain's fifth-biggest bank, if regulators had not blocked the bid.**

**Those years of plenty have been succeeded by years which, if not quite lean, have certainly been more anxious. The wisdom of HSBC's Marine Midland acquisition became the more apparent as Hong Kong's economy slowed, and worries about the Territory's uncertain future began to bite. Earlier this year Jardine, Matheson, a company even longer-established in Hong Kong than HSBC, decided to move its legal domicile to Bermuda, rather than risk the uncertainty associated with China's planned resumption of Hong Kong in 1997.**

**There can be no crude parting of ways between Hong Kong and HSBC — neither could stand the shock.**

**"We are a prisoner of our history," says one executive. The past few years, however, have seen management grapple with the problem of HSBC essentially outgrowing its home base — becoming a world-sized bank in a city-sized domestic market. It is now an international bank: with Royal Bank of Scotland, it would have been a truly global one.**

**It makes banking sense for HSBC to grow globally. It also makes political sense. But HSBC has managed to grow — in America, in Hong Kong, in merchant banking — without fundamentally altering the character of its basic retail banking base. It has not taken subsidiaries "by the scruff of the neck," but has established a decentralised structure which it likes to call a "federation of banks."**

**In the first of two articles, the Management Page looks at the forces which hold the HSBC "federation" together, and where the logic of past growth seems to point for the future.**

## The 'establishment' faces a groundswell of change

THE HONG KONG and Shanghai Banking Corporation holds a position more analagous to that of the Anglican Church than to that of, say Barclays Bank, in Britain. It is the establishment at work.

Passers-by rub the feet of HSBC's great bronze lions, for good luck. The lions are temporarily at bay in a public park, while HSBC rebuilds its group headquarters. The building will be one of the most magnificent corporate headquarters in the world — and, at HK$5bn, not including site value, the most expensive. From it, HSBC reaches out through branches and sub-branches and automatic teller-machines to every neighbourhood industrial backstreet and housing estate in Hong Kong. Locally it has deposits from 5.5m people.

In the sepia-tinted photograph prefacing his chairman's statement in HSBC annual reports, Michael Sandberg smiles the smile of one of the cleverest, most successful, and reputedly, highest-paid, bankers in the world. Succeeding pages are bright with multicoloured parabolic curves showing the growth of recent years.

Net consolidated profits—after transfers to secret reserves—were HK$98m in 1968, and HK$2.5bn in 1983. Total assets were HK$15.8bn in 1968, and HK$470bn at year end 1983. Earnings per share, dividends and deposits follow similar trends.

The parabolic curves are the abbreviated story of what happens to a bank occupying the dominant position in a market which performs an "economic miracle." Bernard Asher, HSBC general manager, corporate planning, calls it a "yeasting effect." The double-digit growth achieved by Hong Kong and other regional economies during most of the 1970s, says Asher, "gives you opportunities which you don't have in a static market."

It gave HSBC, for instance, the opportunity to start a merchant bank in 1972 which had total assets by year end 1983 of HK$25bn. The merchant bank, Wardley, is well on its way now to becoming a global institution in its own right, with major affiliates in Australia, Singapore and London. Wardley London is the former Antony Gibbs, whose capital base was last year boosted by HSBC from £18m to £40m.

### Branch-banking revolution

The "yeasting effect" gave HSBC the firepower for its Marine Midland and Royal Bank of Scotland bids; it gave HSBC the enthusiasm to embark upon a magnificent new headquarters building.

The HSBC was a far from passive beneficiary of Hong Kong's economic boom. It led the branch-banking revolution which accelerated Hong Kong's growth by mobilising private savings for reinvestment in business and commerce. In 1961, HSBC had 16 branches; in 1971, 68; and in 1981, 250. HSBC also had the good fortune to rescue the Hang Seng Bank from a bank-run in 1965. It acquired 51 per cent of Hang Seng's equity, and the loyalty of Hang Seng's traditional Chinese client-base. Hang Seng grew from three branches in 1961; to 17 in 1971; to 45 in 1981.

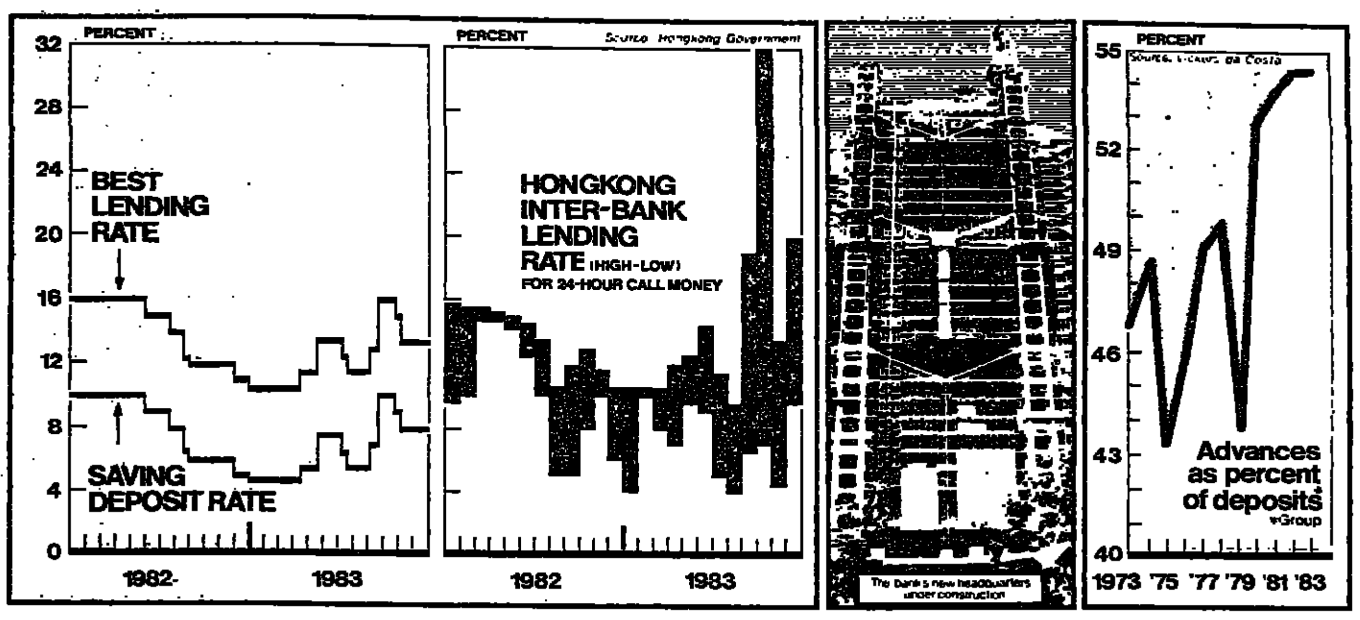
HSBC was founded in 1865 by local merchants to finance trade within the region — a core business of which it never lost sight. But it also became banker to the industrial sector which burgeoned in Hong Kong after the Korean wartime embargo on trade with China. HSBC came to pride itself on its ability to recognise a man with prospects, and lend on a no-fuss, no-delay basis the money needed for trade finance or capital investment. HSBC itself took equity stakes in trade-related businesses: the shipping fleet built up by Sir Y. K. Pao, helped by HSBC loans; the airline, Cathay Pacific.

The attractions of domestic and regional lending, right through the 1970s, had the incidental effect of keeping HSBC out of the herd-move towards indiscriminate sovereign lending, the aftermath of which is now hurting many large banks. "It isn't that we were so dam clever about sovereign lending," says one HSBC executive. "It's just that we had better things to do with the money."

As an example of how profitable retail banking in Hong Kong can be, Hang Seng Bank in 1982 returned a profit after tax equal to 1.7 per cent of total assets, roughly twice the profitability of a strong U.S. commercial bank. Hang Seng's real profit was almost certainly higher, since the published figure is net of transfers to secret reserves.

Retail banking in Hong Kong emerged as such a profitable business not least because banks could virtually fix their own consensus margins. Most borrowers in industry and commerce were small companies or individuals, happy with an overdraft facility priced by the bank over its own prime rate. On retail deposits, meanwhile, Hong Kong banks agree among themselves a ceiling on interest rates which they are prepared to pay. The cartel was set up 20 years ago to avoid runs of the kind which destabilised the Hang Seng and other local banks, which had been competing for deposits by bidding up rates. Ever since then, deposit and prime lending rates in Hong Kong have been esentially what the HSBC, in consultation with Chartered Bank and Bank of China, says they are.

Over the last two years, however, HSBC profits have been flattening out, and the indications are that margins are likely to come under continuing pressure. The linking of the Hong Kong dollar to the U.S. dollar last October is likely to accelerate the fragmentation of the interest-rate cartel, by providing an unregulated "parallel market" in U.S. dollar deposits. Corporate borrowers, meanwhile, learnt during the recent property boom how to drive down credit costs, favouring loans priced over interbank rates to those priced over bank prime. A market in commercial paper began developing in Hong Kong last year, representing a channel of competitive credit to a few blue-chip names.




Dane Wilson

### Sluggish loan demand

The slowdown of Hong Kong's economy, particularly in respect of capital investment, has meant that loan demand over the past two years has been increasingly sluggish. Retail banking competition, meanwhile, has been intensifying, led by the Peking-owned Bank of China (BoC) group. BoC, benefiting from China's new-found enthusiasm for capitalist commerce, has been selling hard its deposits and loan services in Hong Kong. It has a network of 239 local branches, against 392 in the Hang Seng/HSBC grouping, and is the territory's second-largest banking force. Boc can look forward to increasing custom from the current wave of expansion by Peking-owned companies investing in and trading with Hong Kong.

During 1982, HSBC profits rose 1 per cent: in 1983, 5.7 per cent in Hong Kong dollar terms, equivalent to an 11 per cent drop in U.S. dollar terms, at year-end exchange rates, due to the depreciation of the Hong Kong dollar during the year. The damage was done not just by tighter operating margins but also by provisions against bad loans made during the 1979-81 property boom. HSBC's group exposure to Carrian, the largest and most spectacular local property bankruptcy, was probably about HK$1.2bn, against which the group may have emerged with realisable security of around HK$600m. The damage to HSBC's reputation, particularly for its patronage of Carrian, was in some bankers' eyes as bad as that to its balance sheet.

Set against these harder times on home base, and the political uncertainties associated with Hong Kong's return to China in 1997, the Marine Midland acquisition was a master-stroke for HSBC. Its asset-base has been diversified, while Marine Midland's own profits recovery has been magnified in Hong Kong dollar terms by exchange translation gains against the U.S. dollar. HSBC's objective seems clear enough: the question now is whether circumstances wil still permit HSBC to achieve it.

*A further article on HSBC and on Marine Midland will appear on Wednesday.*

## Management abstracts

**New business development.** D. A. Littler and R. C. Sweeting in Management Decision (UK), Vol 21 No 3.

Using the case of a commodity feed stock producer (a multinational subsidiary), describes the major management tasks involved in devising a strategy for developing new products and markets. Argues that success depends heavily on a commitment to plan well in advance before existing products and markets begin to decline, and that responsibility for planning and managing new business requires entrepreneurial skills, and the ability to innovate and establish sound working relationships with people in the parent company.

**Equal Pay.** P. Lowry and D. Wainwright in Personnel Management (UK), Sept. 83.

The Chairman of the Advisory Conciliation & Arbitration Service explains the procedures for dealing with complaints based on amendments to the Equal Pay Act that came into force early this year, and the roles that "independent experts" and ACAS will play. The follow-up article argues that the amendments are likely to disrupt pay differentials and raise industrial relations issues; it examines what employers can/should do with their job evaluation policies/procedures in order to forestall charges of discrimination by women employees.

**How to use consultants.** A. P. Kakabadse in International Journal of Manpower (UK), Vol 4 No. 1

Identifies four phases in the consultancy process: entry, intervention in which the consultant "maps out" the client's situation in order to make a diagnosis, evaluation by both parties of the results of the intervention and disengagement; comments on the ethics of assignments, on consultancy work involving the "organisation development" approach, and on tactical and strategic assignments; provides and comments extensively on a questionnaire/checklist to help a client use a consultant effectively.

**These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £3 each (including VAT and p+p: cash with order) from Anbar, PO Box 13, Wembley HA9 8DJ.**



# BUILDING CONTRACTS

## CONSTRUCTION CONTRACTS

# £10m Exeter shopping centre

**RUSH & TOMPKINS** has started work on a £10m shopping and leisure complex in the centre of Exeter. The centre is being built on a seven-acre site close to St Thomas Station. The property development arm of Rush & Tompkins is managing the scheme in association with other Rush & Tompkins companies. They will undertake all building and civil engineering works on the site, as well as the management of the leisure facilities, on its completion in April 1986. The complex consists of four main elements: the leisure centre, a retail store for *J. Sainsbury*, a large car park and public dibrary, and refurbishment of the grade two listed St Thomas Station buildings. Completion is scheduled for April 1986.

★

**WIMPEY CONSTRUCTION (UK)** has won a £4.2m design and build contract for a production plant at British Steel Corporation's Shotton Works in Deeside. The steel-framed building will incorporate specialised reinforced concrete foundations to *accommodate* a large dual-purpose coil coating line costing £30m. The new line will be built alongside, and as an addition to the No. 2 Coating Complex opened in 1979, and will produce both "Galvatite" hot dipped galvanised steel and "Galvalume," an aluminium-zinc coated product, new to BSC.

★

Companies in the **JOHN WILLMOTT GROUP** have been awarded contracts totalling £3.2m. The bulk of the work has been awarded to John Willmott (North London), whose largest order, worth about £1.03m, is a conversion contract. The company will adapt six five-storey houses into hostels and flats for about 60 people for developers Circle 33 Housing Trust. Also in *North London, the London* Borough of Islington has awarded a contract in the region of £766,000 for the refurbishment of a four-storey block of flats at Sickert Court, Islington. And Bethnal Green and East London Housing Association has awarded a £1.014m contract for 31 flats and maisonettes to be offered to local people. Work is to be completed in December. Finally, John Willmott (Bedford) has been awarded a contract worth about £404,000 by the Luton *Borough Council, for the* construction of 17 houses at Brunel Road, Lewsey Farm, Lunton.

★

A £3m contract to build the Hatch Beauchamp by-pass five miles south-east of Taunton has been awarded to **A. Monk and Company** by Somerset County Council. The single carriageway road wil generally be 7.3m wide with a 3.5m verge, and will include a one-metre hard strip. The road will cross Griffin Lane with a *three*-span bridge. Side roads, two underbridges and a cattle creep are also included in the contract.

★

Contracts totalling £2.8m have recently been awarded to **Kendrick Construction**. The largest is from the City of Birmingham for an envelope scheme worth £1.078m. The contract perićd is 44 weeks. Other work includes: a *forensic* science laboratory, also in Birmingham, for the Home Office. Contract period 90 weeks. A new pumped fire main at H.M. Prison, Gartree, also for the Home Office. Contract value £179,000. And the fitting out of the Crown Centre library and town hall, Stourbridge, for Dudley Metropolitan Borough Council. Contract value *£700,000.*

★

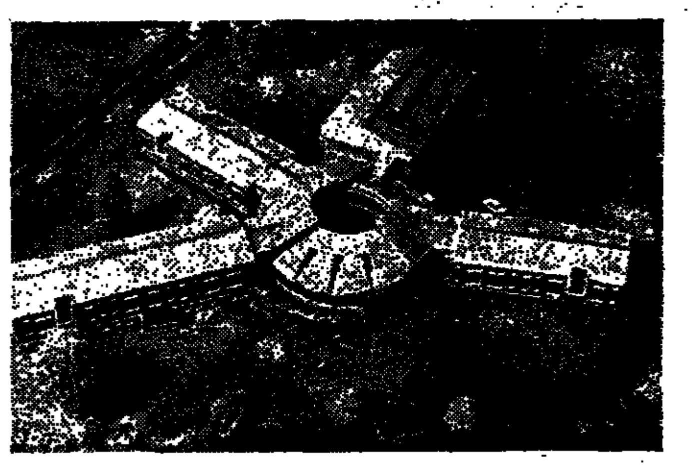
**NORWEST HOLST** has been awarded a management contract worth £2.75m to build a chill store and associated facilities for TCD at Theale Industrial Estate, Berkshire. The contract includes *an 80,000 sq ft chill store with* offices, workshops, and extensive site works. Work is to be completed in seven months. Strathclyde Regional Council has awarded Norwest Holst Scotland two contracts totalling £173,000 to replace sewers in Renfrew Street and Armadale Street/Onslow Drive, Glasgow. Work has begun on a *£221,179* contract at Motherwell Food Park, phase three development for the Scottish Development Agency.

★

**COSTAIN CONSTRUCTION** has won a £1.3m contract to fit out and complete a J. Sainsbury supermarket in Keighley, Yorkshire. The contract also includes completion of ancillary accommodation, partial fitting out of six sub-let shop units, and various ancillary works outside the buildings. The *32-week* contract is due for completion in October.

★

**ALLAN H. WILLIAMS** has been awarded an order worth £340,000 for replacement windows at City House, Maid Marion Way, Nottingham. The refurbishment comprises stripping out the existing windows and replacing them with bronze anodised composite windows comprising bottom hung ventilators, fixed lights and 700 sq metres of bronze aluminium insulated panels. There are also *980 sq metres of bronze, solar* controlled, double glazed units. Town and City Properties are developing City House in conjunction with Nottingham City Council and Plessey Communications Systems.



**An architect's model of a £2.7m contract awarded to Clarke Construction to build an elderly people's home in Exeter for the Royal Masonic Benevolent Institution. To be called Cadogan Court, it is believed to be the largest building contract placed in Exeter in recent years. Architects Greenwood Stott and French, London, have taken advantage of the fall of the site with two-storey construction on the higher level and three-storey on the lower, a design feature which gives the overall complex an unobtrusive profile and is compatible with the roof levels of surrounding buildings. Access roads are designed to be cut into the ground to minimise their effect on the landscaped grounds. The design comprises four wings radiating from a circular central building, the wings containing 58 bed/sitting rooms and the central area lounges for residents and offices for the matron and secretary. Cadogan Court will cater for residents from Cornwall, Devon and Somerset. The project is scheduled for completion in late summer 1985.**



## £4m Zimbabwe University job for Costain

**COSTAIN (AFRICA)**, Zimbabwe, has won a £4m (Z$6.2m) contract to build a veterinary sciences faculty at Zimbabwe University, Harare. The contract comprises 15 buildings (five two-storey and the remainder signle-storey) of reinforced concrete framed construction, with pitched corrugated asbestos roofs on timber trusses with faced brick external walls and brick partitions. Roads, stormwater drainage and external works are included in the contract which is due for completion next February.

★

Latest in a £2m batch of work for **FONDEDILE FOUNDATIONS** *is* a contract, worth £450,000, from Laing Management Contracting on behalf of the Property Services Agency for the installation of 172 multi-bell clay anchors on the British Library project, Euston. The anchors are of permanent type design, and *will have a safe working* load of between 600-800 kN, each having from five to seven undereams. Phase one will begin shortly, whilst phase two, which constitutes the major part of the work, is due to begin in August with completion about six months later.

★

**TAYLOR WOODROW CONSTRUCTION (SCOTLAND)** has received a contract, worth £953,000, from Strathclyde Regional Council for alterations and *extensions* to *Islay High* School, Islay, Strathclyde. Work comprises erection of a single-storey extension of around 1,310 sq metres, incorporating a games hall, eight classrooms and ancillary toilets, together with alterations to an existing unit and provision of sports facilities. Work has started and is scheduled for completion in April, 1985.

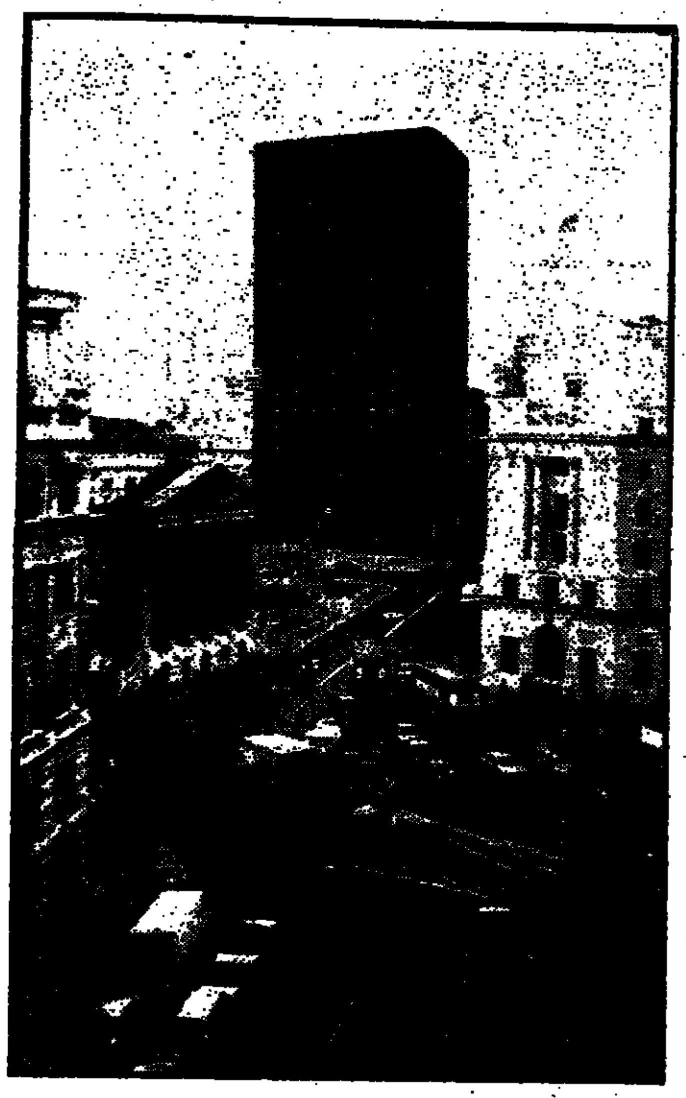
★

The *London* Borough *of* Enfield has awarded a contract worth nearly £500,000 to **CRITTALL WINDOWS**, Braintree, to replace wooden windows in council flats in Bullsmoor Way, Enfield, with aluminium windows. Comprising aluminium vertical sliding windows, fixed light, and cream-coloured vitreous enamel panels, which are being included in some of the window units, the contract also includes insallation. Some will be double-glazed.

Architecture

# The wrong building in the wrong place

## Colin Amery on plans to rip out the heart of the City



Palumbo proposals, now on trial, by Miles van der Rohe

On May Day the revels will begin. They are likely to last for much longer than the merry month and the outcome could be very serious indeed for the City of London. The first of May marks the start of a public inquiry into an old proposal to build a 290 ft high office block alongside the Mansion House.

The property developer Mr Peter Palumbo and his Rugarth Investment Trust have ben working since 1958 to assemble a site at this crucial junction in the City. They now own 1¼ acres of prime land bounded by Queen Victoria Street, Bucklersbury and Poultry. The site is occupied by late 19th-century City buildings that follow the ancient stret pattern—many of them are listed, and since the developers made their first proposals the site has been included in a Conservation Area.

It is proposed to replace these streets and buildings with an office block designed by the German architect Mies van der Rohe who left Berlin in the late 1930s to work in America where he designed simple and carefully detailed office blocks, flats, campus buildings and houses. Until his death in 1969, Mies represented the standard mainstream modern architecture of glass and steel. His best-known work is probably the bronze, glass and marble tower on Park Avenue, New York, known as the Seagram Building.

Mr Peter Palumbo is a devotee of the sort of modern architecture that Mies designed — so much so that he went to see his hero in 1962, bought one of the houses he designed in America, and commissioned him to design this office block for London. The result was the design that is now under examination. Mies was in his 70s, but with his office he was able to produce a standard version of his type of office block facing on to a large open space. It is an unexceptional design, entirely typical of the architectural thinking of the 1950s, but taking its inspiration from the Bauhaus principles of the 1930s.

The development has become known as Mansion House Square and for 26 years Mr Palumbo has remained true to his original vision—to place at the centre of the City of London a tower and a square of the type that would be at home in any grid plan city anywhere in the world. Beneath the square is a large underground shopping centre, above a variety of landscaping proposals.

Back in the 1960s the City Corporation quite liked the idea and made the proviso that the square should be made before the building — but Palumbo was unable to acquire all the leases he needed at that time. As the years rolled by the architectural climate changed. Much of the City had been ruined by poor versions of the sort of modern office block that Mies advocated so successfully in America. The public thought, quite rightly, that the majority of new architecture was bad, but they preferred the scale of areas of London like Covent Garden and they didn't want to lose any more decent old buildings. By 1981, when Palumbo applied again to renew his lapsed planning permission and by then owning practically all the site, the climate had altered and the City refused permisssion.

Two alternative proposals have been put forward for the same site to show that it is possible to retain some of the listed buildings and keep the London scale and street pattern. The architect, Terry Farrell, working for SAVE Britain's Heritage, has produced an interesting proposal called the Triangles. This demonstrates that it is possible to improve, convert and extend the existing fabric and open up a network of pedestrian spaces and routes throughout the site in a way that responds to the London scale and sense of intimacy.

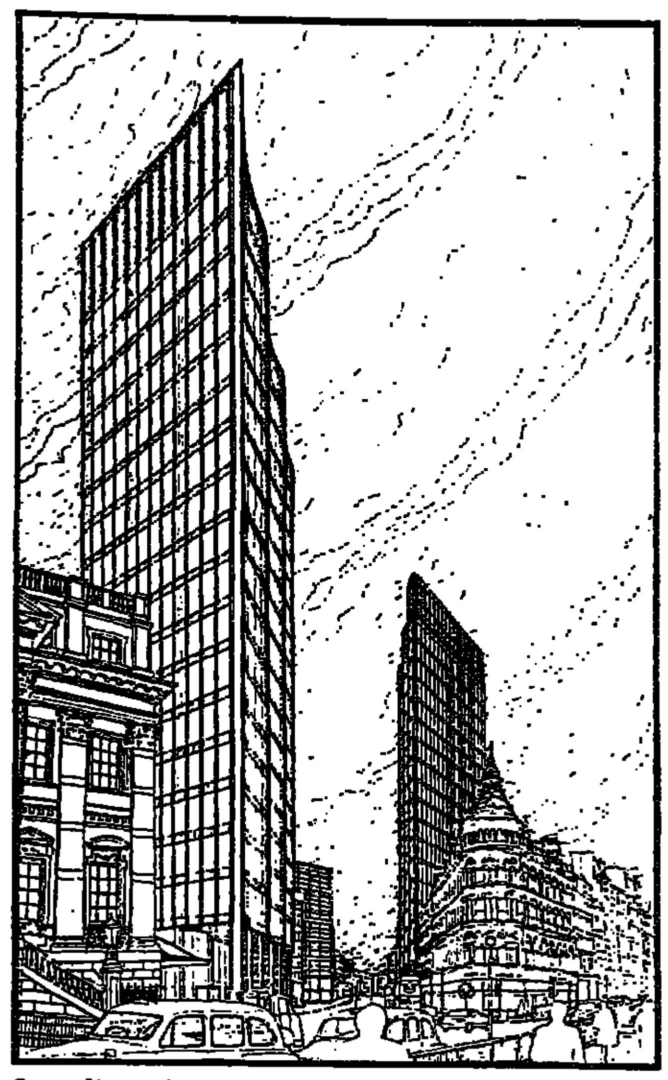
Farrell's alternative deserves consideration as a valid approach to the problem of redeveloping London without tearing its heart out. They are on display at St Mary le Bow, Cheapside until Wednesday May 16 (Monday to Friday, 9 am to 4 pm).

The magazine, *Architects' Journal* has published another alternative (shown right) for the site designed by Campbell, Zogolovitch Wilkinson and Gough. This scheme proposes two towers each with triangular plans that will fit on to existing triangular sites on either side of Queen Victoria Street. This is more of an adaptation of the Mies approach to the existing street pattern; it also includes the adaptation of some listed buildings to make a galleria of shops and wine bars.

What is emerging so clearly from the alternatives proposed and the current climate of architectural and town planning thought is that the Mies van der Rohe proposals are wrong for this site, wrong for London and woefully reactionary.

The public inquiry should not be about defending old fashioned architectural positions but about how we want to build in London to maintain its spirit. Mr Palumbo is opposed by the City Corporation and the GLC — his defenders are the avant-garde of yesterday. These proposals should be defeated so that we can start to look at the city in a way that is appropriate to the last quarter of the century. This is the time when architecture will become more humane, sensitive even decorative, colourful and amusing.

Mr Palumbo has become the rearguard and the conservationist — his scheme would be a memorial to now defunct ideas of the 1930s.



One alternative that splits the tower and loses the square by CZWG architects

## La Bayadère/Covent Garden

**Clement Crisp**

Antoinette Sibley's dancing has ever been a treasure of the Royal Ballet. Today it seems a treasure of even greater value by reason of its academic integrity, its admirably focused effects. Her return from a happily premature retirement of a few years ago has brought us a ballerina in that wonderful maturity when understanding of her craft is matched by a rare sensibility, and an assurance of utterance that comes only with great experience, and with the undiminished power to let us share in the riches of artistic authority.

So, on Thursday, as the shade Nikiya in *La Bayadère*, we saw a grand deployment of skill—beautiful variety in technical statement; pure line; an emotional clarity—to illuminate this masterpiece of the Petipa repertory with the true classic fire.

David Wall was a Solor no less serious and commanding in his response to the dance—would that the trio of shades had seemed equally apt in style instead of looking like soubrettes in search of *Mam'zelle Angot*—and he helped Miss Sibley create that feeling of transcendant mystery which is the key to an extraordinary late Romantic scene.

Miss Sibley poised and floated in his arms, and suddenly whirled away in the dazzling flights of the choreography, her body stretched in impeccable arabesque or seeming to yield to the last ghostly traces of feeling that Nikiya (like the wily Giselle) must suggest. From both artists a performance, in sum, that honours all the implications of the ballet which have so escaped other Royal Ballet casts in recent years.

The programme also included Richard Alston's *Midsummer*, whose simple-seeming manner has not conveyed any hidden depths or structural felicities to me after three viewings. It still looks too demure, too well-intentioned for its own good, or for the good of its cast, though Fiona Chadwick brings a lovely warmth and technical radiance to her secondary role.

## The Seagull/Greenwich

**Michael Coveney**

With this startling production Philip Prowse completes his season as guest director at Greenwich. The play was last seen here in Jonathan Miller's Freudian season ten years ago, and it can first be said that the budding writer Constantin's relationship with his actress mother Arkadina is just as tearful and frayed around the edges in the performances of Robert Gwillym and Maria Aitken as it was with Peter Eyre and Irene Worth.

Robert David MacDonald's translation is not all that different from others, but it is pleasant to hear such neat turns of phrase as Constantin on his first night saying "we'll go up at exactly the same time as the moon" and the distraught Polina of Jill Spurrier chiding the philandering obstetrician (who is proud of always having given full value) with "I realise you're a doctor and you can't avoid women, but . . ."

One of the interesting emphases is that of the doctor's paternal encouragement of Constantin, and David William is always on hand with the right phrase and even, in the last act, a pen. The fourth act—very good idea—is played after the only interval, thus gaining maximum advantage from the two-year time span and giving Mr Prowse (who, of course, also designed) the chance to give us a funereal study with the stuffed seagull in pride of place and the white bentwood chairs replaced with black.

This gives you, for the first time in my experience, a real grip on the fate of Masha, whom Julie Legrand plays as a bedraggled pre-Raphaelite dypsomaniac reduced by marriage to the pathetic schoolmaster. Her fate is paralleled by that of Nina, who has gone on the stage, submitted to her infatuation for Tregorin and who returns to haunt Constantin as a transfigured parody of his own character in the first act play.

Johanna Kirby progresses from eager, slightly odd enthusiasm to full-blown tragedy queen, theatrically modulated in gesture and trapped in the extraordinary lighting of Gerry Jenkinson. Also attendant on this rancid pastoral (some tinny, instantly memorable piano music floats through the evening and the third act is prefaced with a wonderful half-lit dinner *scena)* are the reminiscing estate manager of David Foxxe and the grey-bearded squire Sorin of Stephen MacDonald who is a dead ringer for John Osborne.

These are all excellent performances, contained on Mr Prowse's vast single set of pleated swagging which combines elements both pastoral and funereal. Under lights, it is now grey, now green, now alive, now sombre. Mr William's speech about the street pleasures of Genoa has an ironic resonance in this place of separately experienced emotions and trussed-up sorrow.

Ciaran Hinds's Trigorin paces both worlds and, while he does not hit the heart as a second-rater as did Robert Stephens or Alan Bates, he catches exactly the cynical self-assessment and destructiveness of the role. This is a thoroughly assured and imaginative production, memorable as much for its broad strokes as for its detail. Superb costumes, too.

## Wigmore Hall recitals

**David Murray**

Neither the Friday nor the Sunday morning concert at the Wigmore turned out as expected. On Friday, the announced Dreamtiger programme—song-cycles by Schoenberg and Debussy, Schoenberg's great Trio and a new trio by Douglas Young—dwindled to something entirely different: solo clarinet pieces and solo piano ones, with a dash of Howard Skempton's accordion at the end. It was hard to guess whether anybody minded; there weren't many people there.

In the event, a low-temperature first half offered the distinction of extremely refined playing (and the accident of three consecutive works full of tremolos and trills), and the second half proved engaging beyond its promise on paper. The pianist Peter Hill, a most thorough and rewarding musician, began with Dallapiccola's *Quaderno Musicale di Annalibera*, his only piece so far to have acquired "classic" status, in its modest, limpid way. Hill brought all its best features into scrupulous focus.

So he did too, I think, with the Piano Sonata recently composed for him by Nigel Osborne; but even with his careful handling the Finale seemed uncharacteristically turgid, lapsing heavily into subfusc thunders. The three movements are said to concern "the composer's reactions to nature, art and politics respectively." ("What's his attitude to nature?" "He doesn't like it.")

Ian Mitchell played the solo clarinet version of Pierre Boulez' *Domaines* with extraordinary musical resource. The version with instrumental ensemble is more familiar, with the blandishments of greater variety and gleaming chamber-orchestral invention. What is allotted to the clarinet on its own seems severe, though elaborate; Mitchell discovered a wealth of subtleties in it, epigrams and stunts and even *billets doux.*

Later he made Douglas Young's *5 Symbols of Longevity* vividly picturesque: inspired by Korean mythological images, the pieces are in any case well-made and fairly fresh, but as pictorial responses to their titles—"Tortoise dreaming of becoming a bird," "The sun seeking its own shadow"— they are remarkably clever. Comparison with Britten's *Metamorphoses* would be perfectly proper. The *Symbols* make use of all the contemporary devices of clarinet-playing (quasi-harmonics and the like), which seem to be child's play to Mitchell.

The Sunday Morning Coffee Concert consisted of all Chopin's piano studies played by Craig Sheppard, including the three *nouvelles Etudès* (as encore) and suitably prefaced by the Prelude and Fugue in C from Bach's "48" which prompted Chopin's first study. An ambitious undertaking; one anticipated either a competitive challenge on standard terms, or—more likely, since Sheppard is a highly individual performer—some bold new readings.

What we heard wasn't really either of those, though the style Sheppard adopted was consistently kept up. Very light-fingered playing, often preferring *spiccato adn* half-legato where the score proposes sustained sound; no towering fortissimos; generally very quick tempi, and a minimum of expressive lingering — most obviously absent in just those studies where most pianists muster all the *Innigkeit* they can. After a prickly (and not very accurate) first two studies, there was a brisk, no-nonsense E major, and a salon "Black Keys" without pathos, and a cool, speedy E-flat minor: was he aiming to display the music sternly as pure *études?* But that would need more virtuoso smoothness for the *étude*-writing, more controlled finesse: surprisingly often, Sheppard suppressed the jewelled accompaniments in favour of declaiming the tunes.

## Kingdom of Earth/Hampstead

**Michael Coveney**

With *A Streetcar Named Desire* entering its last few weeks at the Mermaid, nothing would be nicer than to announce the unveiling at Hampstead of a forgotten Tennessee Williams masterpiece in the shape of this 1967 three-handed melodrama. And nothing, alas, would be further from the truth.

Williams, on his own admission, disintegrated, physically and artistically, in the middle 1960s. America's most prolific and talented 20th-century dramatist, having produced several great plays of scope and spiritual grandeur, sloughed off a series of crude, almost self-parodying dramas on automatic pilot that received critical short shrift. *Kingdom of Earth* was one such.

Kenneth MacMillan is the director and has no more success with Williams's ill-sorted trio than he did with Strindberg's in *The Dance of Death* at Manchester last year. At least his designer, Laurie Dennett, has provided a tumble-down atmospheric farmhouse in the Mississippi Delta, cunningly arranged on a split level and grimy with rustic foreboding as the flood waters gather on the horizon.

The house, the kingdom on earth, is the cause of dispute between two half-brothers, one of whom, the effetely tubercular Lot, has arrived home with a new bride in tow, the scatty show-business doll Myrtle. The play is also known as *The Seven Descents of Myrtle*, and Myrtle does indeed go down, as it were, on the coloured son of the land, Chicken, several times in the course of trying to wrest the deeds of the house from him.

Nichola McAuliffe, resembling a blonde Liza Minelli, has a good line in tawdry, coaxing throwaway. And most of it should be thrown away.

The three actors seem to me to be in three different plays. Stephen Rea as Chicken boils away in a checked shirt as if warming up for a Sam Shepard role, while David Taylor as Lot walfts ephemerally around before doing his Anthony Perkins in *Psycho* imitation as he puts on his old mother's clothes in front of the bedroom mirror.

You knew something was not quite right when Myrtle, early on, declared she was both Lot's wife and his mother; and Lot let it be known that he fully intends to die in the bedroom where he was born, a confession that is nothing if not Oedipal. Good lighting by John B. Read. Shame about the play.

## Janet Baker/Wigmore Hall

**Max Loppert**

Dame Janet seems to change each time one hears her. Thursday's recital was not at all like her previous one in London, nor like the one before that—songs and composers may be shared between them, but each time the artist comes before her audience with insights so fresh, with delicacies of phrase and word-utterance so exquisite, even with timbres so much altered, that the figure on the platform and the voice in the air appear to develop almost a new identity for the duration of the concert.

Something of this wonderful impression is owed naturally to the self-renewing capacity of the singer, something to the properties of different halls—in the Wigmore, Dame Janet is able to caress song after song on the softest murmur of tone without the least straining of her resources—and something, of course, to the mark of time on her vocal compass, reducing power at both its ends and covering over some of its projectile focus. But the fact that she chose on this occasion to deliver so much of the music in so gently intimate a vein could hardly be ascribed to technical necessity alone, for in the opening work, Haydn's *Scena di Berenice*, the recitative was proud and bitter as well as grief-struck, and in the final aria the flights above the stave (up to C in one arpeggio brightly thrown off) were taken in free, full voice.

But this passionate yet chaste classical singing was as close as the recital came to forging links with those past. For in the Mozart group that followed, five songs of small scale and courtly manner were drawn inward in a way one had never imagined before, floated upon a hush of sound within which there could be perceived a complex dapple of tonal shading and suggestion. Something unfamiliarly valedictory was communicated in "Ridente la calma" and "Das Veilchen"; the same mood graced "Oiseaux, si tous les ans" and "Daphne, deine Rosenwangen," though more circumspectly, then returned for fullest expression in "Abendempfindung." I can guess that such Mozart singing may not have been to the taste of all in the audience; but it seemed to me a remarkable achievement, beautiful and faintly disquieting, and one in which Geoffrey Parsons' piano played a remarkable part.

Then came Mahler, with an exquisite contrast of farewells in "Nicht Wiedersehen!" and "Scheiden und Meiden"; and, after the interval, Finzi's Five Shakespeare Songs, in which even a non-partisan was forced, by Dame Janet's incomparable shaping of English words, to appreciate the reticent eloquence of "Come away, come away death." But it was in the closing Fauré group that the mood of indrawn delicacy returned to most ravishing effect

# Arts Guide April 27–May 3

## Music

**NEW YORK**

**New York Philharmonic** (Avery Fisher Hall): An elbow operation has sidelined Zubin Mehta for six weeks. Conductor to be announced for all-Brahms programme with Isaac Stern, violin (Tue); Gunther Herbig, music director designate of the Detroit Symphony conducts with soloist Peter Schreier, tenor. Mozart, Sutermeister, Bach, Britten (Thur). Lincoln Center (874 2424)

**Carnegie Hall**: Tenor Peter Schreier recital with Walter Olbertz piano. Brahms, Mozart, Schubert (Mon); Misha Dichter, piano recital. Schubert, Brahms, Liszt (Tue); Cleveland Orchestra, Erich Leinsdorf conducting, Kathleen Battle soprano. Bach, Mahler (Wed); I Musici, Pina Carmirelli, violin. All-Vivaldi programme (Thur). (247 7459)

**Merkin Hall** (Goodman House): Mi Ja Kang soprano recital. Classical and Korean songs (Mon) 67th W of Broadway (362 8719)

**WASHINGTON**

**National Symphony** (Concert Hall): Rafael Frühbeck conducting, Bob Brown puppets. de Falla, Brahms (Tue, Wed mat, Thur). Kennedy Center (254 3776)

**CHICAGO**

**Chicago Symphony** (Orchestra Hall): Sir Georg Solti conducting Janet Baker, mezzosoprano. McCabe, Elgar (Thur). (435 8122)

**LONDON**

**English Chamber Orchestra**, conducted by Gustav Kuhn with Kiri Te Kanawa, soprano. Ravel, Berlioz, Canteloube and Schubert. Royal Festival Hall (Mon). (928 3191)

**Academy of London** conducted by Richard Stamp with Simon Fischer, violin, Sarah Francis, oboe and Julian Baker, horn. Mozart. Queen Elizabeth Hall (Mon). (928 3191)

**London Philharmonic Orchestra** and Choir conducted by Riccardo Chailly with Kyung Wha Chung, violin, and Birgit Finnilä, mezzosoprano. Wagner Dvorak and Prokofiev. Royal Festival Hall (Tue)

**Paul Roberts**, piano. Debussy and Ravel. Purcell Room (Tue). (928 3191)

**PARIS**

**Cycle Acousmatique** Ina-Grm: Eloy, Roque-Alsina (6.30pm Mon); Smalley, Dufour (8.30pm Mon). Both concerts Radio France, Grand Auditorium. (524 1516)

**Paris Opera** orchestra with Harve Lefloch as conductor and violin soloist: Mozart (Thur) Opera-Comique, Salle Favart (296 0611)

**Orchestre Francais d'Oratorio**: Honegger's King David (Wed 8.30pm) Saint-Roch church – Tickets at door.

**ITALY**

**Rome**: Teatro Olimpico: Piazza Gentile da Fabriano London Sinfonietta, Mozart, Holst, Stravinsky and Schoenberg. (Wed) (392304)

## Animal Farm/Cottesloe

**Michael Coveney**

Taking Orwell's sub-title of "A Fairy Story" to heart, the National Theatre's confident adaptation — arranged and directed by Peter Hall — starts with a blazered schoolboy plucking the novel from a bookshelf and sitting down to read by a toy farmyard.

The boy acts as a narrative link, Kamlesh Gupta's innocent voice underlining the savage irony of Orwell's lean prose. He joins in only once, to send a little van by remote control to collect the hens' eggs when the order comes down to sell produce to the enemy consumer in the human marketplace.

The designer Jennifer Carey is best known for rather whimsical dreamlike settings of imaginative potency. Here she provides a scaled down farm in bright primary colours inhabited by charming animals whose physiognomy and intonation seem at first to come straight from a children's TV show such as *Rainbow* or *I'll Tell You A Story*.

It is in the clouding of this sunlit scenario by the post-revolutionary establishment of a new tyranny of pigs that the power of the evening resides. In some ways, Peter Hall picks up his mask work in *The Oresteia* (several of which company are on hand, together with the movement director Stuart Hopps) and achieves an improved synthesis of human expression and half-masked disguise. In the figure of Napoleon's chief apparatchik, Squealer, you see the approach brilliantly distilled. David Ryall, like the other pigs, has a nose, cheek and ear mask that seems to melt after a time into his own flesh.

This is an ideal ruse for conveying Squealer's function as the squirming, casuistic apologist. And Mr Ryall also has that shifty flicker in the eyes, that ingratiating sing song in the voice, that we recognise in all politicians who are either on the make or on the rack.

The pigs have elongated trotters, the horses blank, acquiescent full masks as befits their fate (after *Equus, Strider* and now *Animal Farm*, one sees why every actor at the NT is a hoofer at heart and bursting to get into *Guys and Dolls)*, the hens a rooster helmet device, the wicked human farmers extremely ugly plastic half-shields.

The overbearing Napoleon is given the full provincial swagger one associates with Stalin, while Greg Hicks as Snowball sings the virtues of Socialist revolution with sweet reasonableness before melting into nonentity after the Battle of the Cowshed. This irruption is less exciting than it should be, the director saving his emotional big shots for the eerie numbness among the animals after the "confessions" and purges and for the collapse of the loyal workhorse Boxer (Geoffrey Burridge) and his removal to the knacker's yard.

Richard Peaslee's music is a blend of stridency and melodic simplicity in the form of marches and processional anthems, and the aptness of Adrian Mitchell's lyrics makes you wish this area of the show had been more fully developed, perhaps even leaving us with an original NT musical to make up for *Jean Seberg*. After *Cats*, why not *Pigs*? Still, this is a decent piece of work, and the final company gesture as strong in its way as the use of a similar trick at the end of Hall's *Oresteia* or Broadway's *La Cage aux Folles.*

# The lessons of Munich's cultural success

Munich has a reputation for being prosperous and provincial, conservative and respectable. Its physical attraction, fruit of its decision to rebuild after the war the same city, with its pretensions of early 19th century grandeur, when Bavaria was ruled by kings, has been held against it.

And yet it works well, and its confidence has enabled it to take a broadminded view of the arts. The traditional arts are well looked after, with plans, just approved, to restore the noble Prinzregententheater, built 80 years ago as a home for Wagnerian opera, as a ballet house at a cost of £35m. evidence of their hold. But Munich also has one of the most interesting ventures in Europe for the new arts, the Alabama-Halle, a former American barracks on the outskirts of the city.

The arts are news in Munich, and Bavaria, largely because of Dr August Everding. He is general manager of Bavarian State Theatres, a post created for him, after a lapse of over 60 years, partly to solve his personality clashes with Wolfgang Sawallisch of the Munich opera when he was intendant there, and partly in acknowledgment of his powerful creative personality.

Dr Everding is in the running for the top job at the New York Met. In the meantime he is attempting to put his mark on Munich. Getting a decision on the Prinzregententheater was his first objective. His second is to build up an Academy of the Performing Arts, teaching students the multi-disciplines of acting, design, dancing, conducting, etc. His third to establish a Munich Festival in July to equal Edinburgh. He starts this year, with the theatres staying open during the annual music festival.

It is his determination to present new, or rarely performed, works that has created problems at the Munich opera, which traditionally built its repertoire around Mozart, Wagner and Richard Strauss. "There are 50,000 operas to choose from and yet the European repertory consists of 110." Even with Everding's insistence on at least one little known opera in a season — Munich has just presented Cilea's *Adriana Lecourreur*, with Margaret Price — it still claims that 30 per cent of its revenue comes from the box office, one of the highest proportions in Europe.

Munich supports its opera house. But it also backs the Alabama-Halle. This crudely converted hut, a rough version of London's Riverside Studios, is in a most inaccessible part of town, in the deprived northern outskirts. Yet it attracts audiences of up to 1,000 for performers like Carla Bley, Macunaima, Duran Duran, and, this month the RSC with Bond's *Lear*.

What makes the Alabama-Halle exceptional is that half its funding comes from BMW, which has its main factory nearby. The company meets half the annual loss of £100,000; the city the remainder. The success of the venture has encouraged other commercial enterprises to set up theatres in the suburbs on industrial estates where rents are a sixth of the city centre level. Many put on political cabaret, a very live art form in Munich.

It is a precedent which could be followed in the UK, as could the city's policy of helping arts organisations, commercial as well as experimental, indirectly through advertising their events and providing rehearsal space. Munich's commercial success has blinded eyes to its active artistic life. There are over 50 theatres and theatre clubs in the city, including one recent addition presenting only Bavarian plays.

ANTONY THORNCROFT

**FINANCIAL TIMES**
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

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# Poland and its creditors

EVER SINCE Western sanctions were imposed on Poland more than two years ago, Western governments and commercial banks have been out of step with each other in their approach to rescheduling Poland's debts.

Now, they are virtually out of sight of each other. Last week the banks agreed to a rescheduling of what Poland owes them up to 1987, while the governments are still quibbling with Warsaw over arrears from the 1981 official debt agreement broken by martial law.

The bank rescheduling agreement further erodes any chance that Western economic pressure will by itself force General Jaruzelski to liberalise his regime, open his jails and revive the free Solidarity trade union.

### *Apolitical*

That, of course, was never the banks' intention. They remain aloofly apolitical about the Polish situation. They are not making the gesture of long-term confidence in the Polish economy that a four-year debt deal, *unusual in rescheduling* practice, might imply. Instead, they are simply recognising that, having rescheduled $6bn worth of debt in the past three years, the remaining $1.7bn Poland owes them in the next four years is not worth wrangling over year by year. But the net effect is that Poland, whose problems first heralded the world debt crisis, is virtually back on a normal footing with the West's private financiers. The bankers told the Poles last week they could expect to start getting new short-term credit later this year.

Irony of ironies, the improvement in Poland's cash flow position which has made possible continued interest payments to Western banks stems not from any upturn in the domestic economy, but from the very action which Western governments thought might help bring Poland's economy to its knees: a freeze on rescheduling its official debt.

This has enabled Poland to escape scot-free from paying any interest on debts officially underwritten by Western governments. Since these debts account for well over half ($17bn) Poland's total ($27bn) debt, that has been a very substantial relief. Were it not the quite contrary intention, the official rescheduling freeze could be called a debt holiday or even aid programme. This irony has been evident for some time — but only last week did it become clear the extent to which governments have helped Poland to get back on a better footing with the banks.

To be fair, governments in Western Europe realised many months ago the need to start talking about debts with Warsaw. Even the U.S. has decided to "decouple" the debt issue from the rest of sanctions which the Reagan Administration is unwilling to relax in an election year.

But before shouldering the full burden of their debts again, the Poles are making demands, some justified—and some not—some in the Western interest and some not. They want the promise of new Western official credit, before they have made any effort to repay the old. They seek the unblocking of credit agreed before martial law, but cut off since; *some Western companies* need this backing to complete unfinished projects in Poland. The Poles also want to join the International Monetary Fund, which they applied to join in late 1981. The U.S. has since refused to countenance this.

It is now clear, from the recent publication of the memoirs of Mr Alexander Haig, President Reagan's former Secretary of State, that the U.S. was actually urging Poland in the summer of 1981 to join the IMF. If it was then considered *in the* long-term U.S. and Western interest to have Poland inside the IMF, as a member of the world economy and potentially subject to IMF disciplines, why is it not now?

### *Prisoners*

The time is approaching when short-term American political considerations could undermine the long-term Western interest. General Jaruzelski is joining his fellow Soviet bloc leaders for a Comecon summit in June. In the face of open Soviet dislike for the IMF as a stalking horse for Western "imperialism," he may find it hard to justify keeping his so-far-scorned IMF application on the table.

If, however, the U.S. is sometimes blind to its own interest, General Jaruzelski is far more obtuse. Far from letting Poland slide into further political apathy, he has this year picked a quite unnecessary fight with the church over crucifixes in schools, and doubled the number of political prisoners (now back to nearly 400). He continues to hold without trial 11 leaders of Solidarity and KOR, its precursor movement. Maybe there will be an amnesty, influencing Western *sanctions, on* one of Poland's numerous anniversaries this summer. But the omens are not good.

# Spruced up and ready to grow

FORESTRY has long been a protected species of investment in Britain. Although the generous tax breaks and grants it receives are increasingly attacked, the Chancellor made no move in the Budget to dismantle them.

While the shape and extent of the present subsidies are a matter of debate, the case for incentives of some sort is quite respectable. The economic argument has three parts: Britain is short of timber; private plantings are more efficient than public investment through the *Forestry Commission*; and, left to itself, the private sector would underinvest in trees.

### *International*

Since its formation in 1919, the Forestry Commission has been trying to make good a perceived shortage of British timber.

By international standards, an abnormally low proportion (less than 10 per cent) of land in Britain is aforested: the result is that Britain supplies only about 10 per cent of its own timber needs. *Timber* is Britain's second biggest import: last year the bill was £3.8bn. The import dependence matters because timber prices look destined to rise steeply in real terms (perhaps by 30 per cent by the end of the century) as world demand continues to outstrip supply. The imbalance has led the United Nations to call on big timber importers like Britain to increase their self-sufficiency.

Private plantings are more cost-effective not because public foresters are bad at their job, but because the taxpayer has to buy the land on which the bureaucrats plant trees. Giving grants and tax relief to existing landowners is obviously less of a burden on public borrowing.

The third argument, that left to itself the private sector would underinvest in trees, reflects the exceptionally long timescale of such investment. The commission's earliest plantings are only now coming on stream; without incentives, the private sector would opt for quicker ways of making profits.

The Government's strategy of attempting to foster a shift from the public to the private sector is throwing up problems, however. Overall, new plantings are well down on the supposed target of 30,000 hectares a year; an increase in private plantings—still far below the level of a decade ago—has not yet offset a severe squeeze on the commission's activity.

The financial constraints on the commission may also be too tight: why not allow it to spend the £82m it should raise from the forced sale of 10 per cent of its forests to finance new plantings? The sale of forests has always made more sense as a means of rationalising the *commission's scattered portfolio* of trees than as a means of reducing its dependence on the public purse.

The Government might also take a greater interest in what happens after forests are harvested; the wood products industry has suffered. In 1980 admittedly old-fashioned mills went to the wall because sky-high sterling and interest rates had rendered them temporarily uncompetitive.

### *Opportunity*

Britain has since been a log pool for the Scandinavian wood-processing industry. The announcement last year that United Paper Mills of Finland is setting up a £135m pulp and newsprint mill at Shotton in North Wales is at best a partial compensation.

There should now be an *opportunity here for British* investors. Owing to past planting policy, British timber output should double over the next 10 years. Most of the extra timber will be *Scottish spruce.* Although Scotland's forests are small in absolute terms, they constitute one of the largest pools of softwood timber in *Europe that is as yet uncom*mitted to existing mills. Foresters lament that too few recognise that theirs is a labour-intensive industry with a future.

UK INVESTOR PROTECTION

# Gower, after the City upheaval

By Barry Riley, Financial Editor


*Professor Gower: waiting for the Government's response*

THE CITY of London is now beginning seriously to consider *the possibility that* something like a British-style Securities and Exchange Commission may be essential to guarantee investor protection in the wake of the far-reaching revolution now under way.

Three years ago, when Professor Jim Gower was hired by the Department of Trade to review the framework of investor protection, such a development seemed almost inconceivable, and it is a prospect which still fills many people with horror.

Yet there are increasing doubts that the particular kind of multi-layered solution favoured by key City agencies such as the Bank of England and the Council for the Securities Industry (CSI) will be able to cope with the London-based international securities houses which are now being formed so rapidly.

Not only have stock market firms been linking with other institutions, but other traditional barriers have also been breaking down following last year's agreement to dismantle the Stock Exchange's fixed commission structure. It is a trend best highlighted by the recently proposed near-£1bn merger between Hambro Life and Charterhouse J. Rothschild *to form* a broadly based financial services conglomerate.

And this, of course, is quite apart from the implications of such scandals as the collapse of Norton Warburg which prompted the DoT to call in Prof Gower in the first place. Since then, investors have lost millions more through the *failure* of other operations, including M. L. Doxford, Signal Life and the companies of the fugitive financier Keith Hunt.

All of this means that Mr Norman Tebbit, *Secretary of* State for Trade and Industry, faces some highly complex decisions about how to control some of the most delicate balances within the financial system — in the face of a very tight timetable.

Comments on Prof Gower's report have to be submitted by today, and the Government *hopes* to shape the whole package into a firm policy within the next few months.

Prof. Gower's report dealt with financial institutions which were, by and large, compartmentalised, and fell into definable groups. The emerging problem, which he scarcely considered is that investors will be threatened by the widespread potential conflicts of interest within multifunctional groups.

Briefly, Prof. Gower's recommendation was that a new Investor Protection Act should be *administered by either* a strengthened section of the Department of Trade or by a self-standing Commission answerable to the Secretary of State.

Any person carrying on investment business would have to register either with the Department (or Commission) or with a number of recognised self-regulatory agencies (SRAs).

He envisaged that the CSI would have a role as an umbrella body supervising the SRAs.

The proposals have all kinds of complex and controversial features, but it is helpful to concentrate on two fundamental conflicts faced by legislators in this field. They can be summarised as

- Caveat emptor v. the nanny society.
- Statutory control v. self-regulation.

Mr Tebbit may still decide, against the advice of Prof. Gower, that the creation of an elaborate system of investor protection is unnecessary and even, perhaps, impractical. The Department of Trade would still need to beef up its powers and crack down on frauds which are at present seldom punished. None of the recent major scandals has resulted in a conviction.

Last Friday, however, Mr Robin Leigh-Pemberton, the Governor of the Bank of England, came down powerfully against the caveat emptor approach when he spoke to the Insurance Brokers' annual conference.

The blurring of the activities of providers of investment services made tighter regulation essential, he suggested. "The direct and indirect conflicts of interest inherent in the plurality of functions to which financial institutions aspire are so manifold that the investor cannot be left wholly to look after himself."

But if the Government is pushed in the direction of investor protection legislation, it still needs to decide on the extent to which regulatory bodies should be enshrined in statute.

Around the City's lunch tables the question usually comes down to whether Britain needs an SEC—a reference to the U.S. Securities and Exchange Commission which has policed America's stock markets for the past 50 years. The SEC is variously characterised as a bureaucratic, lawyer-ridden monster which devours documents literally by the ton, or *as a progressive organisation* which has presided over the vast growth and diversification of the U.S. capital markets.

Prof Gower himself inclined to the view that Britain should have a Commission, to the extent of setting up a statutory body answerable through the Secretary of State to Parliament. But he decided, on balance, that a Commission might not be acceptable to the City, and the Department of Trade would do the job almost as effectively itself.

## The U.S. SEC–a bureaucratic, lawyer-ridden monster or a progressive organisation?

It is a serious misconception, however, to imagine that there is a straight choice between a stautory agency and a self-regulatory body. The arguments are much more subtle than that.

Even in the U.S., the SEC operates in conjunction with practitioner bodies like the New York Stock Exchange and Nasdaq, the over-the-counter *network. And in the UK the* arch exponent of self-regulation, the CSI, accepts that its proposed successor body, which might be known as the Investor Protection Council (IPC), would need some kind of recognition in statute.

This was glossed over in the CSI's formal response to the Gower report last week, but it is accepted that the Investor Protection Act would at least need to lay down that the Secretary of State must consult the new council before recognising an SRA.

What "consultation" might mean, however, is open to debate. In fact the two lay members of the CSI *believe* that the Secretary of State should have a reserve power to change the rules of an SRA—a view rejected by the practitioners on the Council who consider that this would infringe the principle of self-regulation.

The Bank of England is sensitive to the question of where the ultimate power should lie, and is believed to take a slightly different view from that of the CSI. Officials suggest that the Act should specifically require the Secretary of State to gain the approval of the new new council when recognising an SRA or subsequently intervening in its affairs.

The importance of such apparently slight differences in the statutory framework lies in their implications for the independence of the supervisory body. At one end of the spectrum, it could be controlled by the practitioners of the City but have no very effective teeth—much like the CSI now. At the other extreme it could be a powerful organisation able to impose effective sanctions, but would then be much more under the thumb of the Government.

The DTI could not delegate substantial statutory powers to such a supervisory body in the field of investor protecton unless, at the very least, the Secretary of State had a say in the selection of its members and, indeed, in their dismissal. To the extent that they were official appointees this would conflict with their role as representatives *of the investment* community pursuing self-regulation.

At the subsidiary tier of SRAs the impact would be immediately felt in the degree of voluntary co-operation that was offered.

Self-regulation has a number of advantages. Practitioners will have direct experience of the investment markets, *and ought* to be able to regulate them more sensitively than civil servants. They can lay down flexible codes of conduct rather than rigid legal requirements, which means that they can encourage participants to operate within the spirit of the rules rather than simply in accordance with the letter, and also that they can react very quickly to changes in circumstances.

But club-like arrangements tend to act in favour of the club's members and against the *interests of the general public.* They are also liable to break down when the club gets too big, and it becomes impossible to reconcile the interests of different factions.

Self-regulation in the financial markets has worked best in narrow fields. The Takeover Panel, for instance, operates within a highly restricted constituency of merchant banks and firms of stockbrokers.

But putting together a cohesive body which could successfully control a wide variety of investment managers — from top-notch pension fund specialists to suburban share pushers — would be a tough proposition. Only under pressure from the Bank of England has the National Association of Securities Dealers and Investment Managers (Nasdim) been building itself up to attempt this kind of role.

And the Bank some time ago lost patience with the clubby, inward-looking Stock Exchange which was opting out of international markets. The authorities have successfully pushed for revolutionary changes in the Exchange's structure.

So quite apart from the contradictions *inherent in a supervisory* body such as the mooted Investors Protection Council, much depends on the credibility of the self-regulatory agencies which will have to do much of the donkey work.

As portrayed by Prof Gower, they will have to fulfil stiff conditions. They will need detailed rule-books, must possess monitoring and disciplinary procedures, and will need to show they can protect investors against mismanagement, for instance, by sponsoring insurance schemes or compensation funds.

Originally, in his interim report, Prof Gower suggested there should be as few as four SRAs—a view which raised howls of protest. Subsequent lists of as many as 18 or 20 different agencies were drawn up.

Curiously, some of the jealousies reflected in this plurality appear to have been soothed in recent months. The CSI has put forward the view that there need be only a maximum of six SRAs.

These would include the Stock Exchange, Nasdim, a futures markets grouping, an investment management association and an agency representing the investment activities of recognised banks. The possible sixth would represent foreign brokers.

Whether such hastily assembled agenices would be effective (only two are up and running) is arguable. The CSI's starting point appears to have been the concept of its relatively small and weak Investor Protection council. This could cope only with a small number of SRAs.

But Mr Tebbit, if he goes down the Gower route, will have to decide what the various possible SRAs could possibly deliver in practice. He will be uncomfortably aware that their power to discipline the newly emerging integrated securities *giants will be unproven.*

The rule of thumb is that the more numerous the SRAs turn out to be, and the weaker their power relative to that of the big securities groups, the tougher the supervisory body must be. At some point the balance of the argument must tip in favour of a securities market commission, though this need not be *anything like* as swollen and comprehensive as the U.S. SEC.

It is now up to the Government to respond to the Gower report and the submissions it has stimulated. The present plan is for Mr Tebbit to give a firm outline of Government policy in July, followed by a detailed White Paper towards the end of the year.

# Men and Matters

### Late night final

Twenty four hours *in* journalism can be a long time, especially for a Fleet Street editor. Donald Trelford of the The Observer must have been hoping that *Mr "Tiny" Rowland*, his proprietor, was not watching the "Seven Days" pro gramme on Channel 4 on Saturday evening. It was obviously pre-recorded on Friday, a *few* hours before their "lovers' tiff" was settled.

Trelford's comments were made in the mood of irretrievable breakdown rather than reconciliation. When asked whether he should not resign over the affair Trelford forcefully argued that it would be a "betrayal" since it would mean that he did not have "the guts to stand up to a proprietor when he broke his undertaking."

Mr Rowland must have presented a powerful case later on Friday to induce such a reunion of hearts and minds, and, incidentally, his refusal of Mr Trelford's formal offer to resign. Mr Trelford has had the unusual experience of having to eat his words before they were even broadcast. *He will no* doubt now recall the old journalistic maxim of never saying or writing anything which can be contradicted before it appears—especially by one's self.

### Mutual ill will

The annual general meeting of the National Mutual Life Assurance Society tomorrow should be a lively affair. Mr Clive Jenkins, the general secretary of the Association of Scientific, Technical and Managerial Staffs will be there with some union colleagues to oppose an increase in directors' salaries and move *that thehy be cut by £1 a year.*

He is enraged that the Society has withdrawn recognition for ASTMS members in the Society, and further angered that his move should come from a body which handles the funds of several unions. Mr Jenkins and his *colleagues will take with them* proxy votes from a number of Labour MPs, including Mr Tony Benn.

Representations to the society from prominent union leaders like Mr Tony Christopher, the general secretary of the Inland Revenue Staffs Federation, have fallen on stony ground, spurring Mr Jenkins to direct action. The way to directors' hearts, he clearly believes, is through their pockets.

### Hudson's choice

Brokers James Capel have at last got their man to head their corporate finance team, vacant since Ashley Down pushed off last December to join Pru Bache's fledgling London investment house. The hunt went far as well as long since David Hudson was working in Lima for the Arab Latin American Bank when the call came.

Hudson cut his corporate finance teeth first with Kleinwort Benson, then with Drayton Corporation, and finally at Samuel Montagu before trekking westwards three years ago. "I learned of Ashley's departure with some interest *but it hadn't occurred to me not* to be in a bank. Then I read that the divisions were breaking down in the City between banks, brokers and dealers."

He is keen to play his part in internationalising on American lines the parochial London market. Hudson believes that Capel's apparent failure to re*flect its strength in research and* institution sales with its corporate work stems from the partners belief that selling a company's shares to the big funds while advising that company on a merger, or an issue, would somehow represent a conflict of interests.

Now apparently Capel has no doubts, which helps explain why a career investment banker turns broker tomorrow.


"Now its been taken over by a group of Estate Agents"

### Frenzy across the Mersey

Contrary to popular belief, there is double-shift working on Merseyside in spite of high unemployment.

"My office has never been so untidy," anguishes Basil Bean, chief executive of the Merseyside Development Corporation, surveying the piles of board papers and other material stacked and spread on two conference tables.

The International Garden Festival, the MDC extravaganza which the Queen opens this week, *is the culprit. Since* February of last year, when Sir John Grugeon left his job as festival director, Bean has had to do the job as well as his own.

"*There wasn't time to recruit* anyone else. I had to step in," Bean says. His action also kept things within budget—MDC accounts reveal that Sir John still got his salary last year despite having "resigned for personal reasons."

Bean's secretary brings him a refreshing gin and tonic when she departs in the early evening —then he starts his night shift, ploughing through more work.

Home is in the Wirral and "I only seem to go to sleep," Bean says. His consolation, *however, is that the festival is* stunning everyone who sees it. Even Councillor Derek Hatton, the man from the Militant Tendency in charge of Liverpool City Council's rebellion, is reported to have grudgingly conceded at a recent preview that it is a "great feat of human endeavour."

### Start-up scheme

By offering 'teenage franchising for impecunious but go-ahead youngsters the National Express bus serviceis trying-out a novel way of providing employment for school-leavers.

*Three girls, all in their late* 'teens, have been recruited as self-employed hostesses on a new daily coach service, the Rapide, which is running between York and London.

They buy materials for sandwiches and snacks, make them up at home, hygenically wrap them, and bring them to the bus depot. The company provides serviettes and disposable plates and cups.

After serving their stock during the motorway trip the girls keep the catering receipts for themselves.

***Observer***

POLITICAL UNREST IN BRAZIL

# Why the military are at bay

By Andrew Whitley in Rio de Janeiro

WITH ASTONISHING speed and strength, a political movement has grown up in Brazil over the past few months that now poses a major challenge to the military Government of President Joao Figueiredo.

Late last year a rally called in Sao Paulo by opposition parties to demand a direct presidential election this November attracted a mere 15,000 demonstrators. Yet this month 1.5m people, many chanting and waving red flags, took to the streets of the same city to press for this constitutional change.

Matters came to a head on Wednesday, when an opposition attempt to force legislation on the issue narrowly failed to win the required support of two-thirds of the Chamber of Deputies, the lower house.

The question will not rest there. Supporters of the Bill say they will continue fighting for it—both in Congress and on the streets. Popular reaction could be violent. Already there have been accusations that the defeat of the Bill resulted from military coercion. In a particu-

## Argentina has been a powerful example

larly heavy-handed move, the capital Brasilia was temporarily placed under the army's control at the time of the vote.

Intertwined with the political unrest is mounting bitterness over the country's severe economic problems — living standards have fallen on average by 15 per cent since 1981 —and over the IMF-backed austerity package designed to solve them.

"Where is my job? Delfim has stolen it. Where is Delfim? Abroad, selling the country to buy robots," ran one man's hand-painted placard at a huge rally in support of direct elections in Rio de Janeiro this month. Sr Antonio Delfim Netto, the Planning Minister, and economic supremo, has been the butt of much abuse from the crowds.

The lines on the placard sum up much of the frustration felt by Brazilians at the way in which, they say, unelected governments first ran up a foreign debt approaching $100bn and then submitted the country to an economic health cure plan drawn up in New York and Washington.

The upsurge in protest comes as the Government is moving slowly—much too slowly, say the opposition—to restore civilian rule. Since 1964 Brazil has been ruled by a succession of powerful soldier-presidents for terms of up to six years. Each has, in consultation with other generals, chosen his successor and then submitted the name to an electoral college for rubber-stamp approval.

Much of the progress back to democracy has come under President Figueiredo, now in the last year of his six-year term. Under his "abertura" programme, an electoral college chosen on the basis of 1982 national elections is due to meet next January to select his successor from party nominations. However, the armed forces have been careful to ensure that their own political vehicle, the Partido Democratico Social, obtained a majority in the college, thus giving them effective control over the choice of successor.

Those taking part in the demonstrations are largely middle class. Many of them are children of those who welcomed with open arms the 1964 coup against the chaotic, left-wing government of President Joao Goulart.

Echoes of 1964 are returning to haunt Brazil with a vengeance. Many of the same conditions exist today, down to the resurgent demands of Brazil's two communist parties for legislation. Only this time it is a mirror image of two decades ago. Now it is the old-time politicians, many of them people who were disgraced or exiled after the coup, who say they want to "save" Brazil from the military's blind alley. In 1964 the armed forces' justification was to save the country from chaos and communism and to restore sound economic growth.

Inevitably, the Argentine example has given a powerful boost to those who believe an unpopular military regime can be removed peacefully through elections. Moreover, Brazil has its own strong, liberal democratic tradition, dating back to the 19th century, to draw upon.

"All power emanates from the people, and in their name it is exercised," read the ringing words inspired by the French revolution which open its constitution. It is a theme which Brazil's pre-eminent jurist and Catholic thinker, Sr Heraclito Sobral Pinto, 90, refers to frequently.

Demonstrators in Rio de Janeiro demanding a direct presidential election

Last week he dismissed as "a manoeuvre" the Government's latest proposal on constitutional reforms, which would reduce the presidential term from six years to four and enable direct elections to be held in 1988. It was designed to give the soldiers more time to think of another pretext to hang on to power, he said.

Until this year those proposals, which also include the return to Congress of substantial supervisory powers, would have stood a good chance of serving as an acceptable basis for negotiations with the opposition parties.

But many leading commentators here agree they may have come too late. The mood of the country, whipped up by the rallies and solid Press support for the campaign, is strongly in favour of immediate change.

The Government and the PDS are badly divided on the issue. Most notably, Sr Aureliano Chaves, the Vice-President, who has openly defied General Figueiredo and come out in favour of direct elections this year.

With the deputies' vote now out of the way, the more moderate opposition leaders, such as Sr Tancredo Neves, the wily Governor of Minas Gerais state, will probably attempt to open discreet negotiations with the President's aides.

A former Prime Minister of Brazil immediately before the 1964 coup, Sr Neves has carefully staked out the middle ground for himself.

His theme is the need for "change now," as opposed to the "direct elections, now" rejected out of hand by the military. Moderate politicians agree there is a need for a compromise package that would include both a more widely acceptable name to succeed President Figueiredo than those currently in the ring, as well as a formula to lead towards direct elections—and thus a final handing over of power by the generals in the near future.

Many Brazilians had felt that Sr Neves, who is 74, has had his day. But he has made a surprisingly strong comeback recently because of the deadlock between the stubborn Sr Ulysses Guimaraes, head of the Partido do Movimento Democratico Brasileiro, the main opposition party, and the equally headstrong President.

Meanwhile, President Figueiredo and his closest aides have themselves been invoking the spectre of 1964—a warning that disorder in the country could lead to an abandonment of the gradual progress towards full democracy, and a return to outright military rule.

Whether this could be enforced without a serious split at the top of the armed forces' high command is another matter. The navy minister recently resigned after discreetly making known his, and thus his service's, preference for the position adopted by Sr Chaves. Within the army, the most important service, a majority of officers are also believed to back the Vice-President against Gen Figueiredo.

Many senior officers are thought to be questioning the wisdom of sticking doggedly to the prearranged course of action, in the face of massive displays of public no-confidence seen over the past three months.

"Why not now?" is the brutally simple question posed by another pre-1964 opposition politician, Sr Leonel Brizola, elected in 1982 as Rio de Janeiro state governor. The publicly unspoken answer is that Sr Brizola, a radical populist who is treated by the military old guard as their arch enemy, would stand a fair chance of winning the Presidency.

To calm fears in the barracks, the governor is also supporting a compromise proposal whereby Sr Chaves, the businessmen's favourite, could be given a two-year transitional mandate leading to direct elections in 1986.

The main opposition parties and the presidency have both indicated their dislike for the proposal. The Planning Ministry is particularly concerned about prolonged uncertainty affecting foreign bankers' attitudes towards the debt question.

Sr Chaves has the advantage of appealing to the ever-potent nationalist chord in Brazil, which after two decades of economic liberalism, is once again becoming a force to be reckoned with as the country reacts against the demands of foreign creditors.

Among the four declared presidential candidates — all from the PDS, the opposition having refused to participate in the electoral college system—Sr Chaves is the most committed to substantial changes in the country's economic policies.

These, he says, would include a break with the IMF, far-reaching renegotiations of debt service payments and top priority to restoring domestic growth.

The only candidate who says he will stick to the policies of Sr Netto is Sr Paulo Maluf—currently the favourite of the electoral college.

Faced with a choice between a lame-duck President and an

## A knack of finding compromises

unknown, but probably less amenable successor, Brazil's creditors are waiting until the electoral race is much clearer before showing their hand over any long-term debt negotiations.

In the emotional aftermath of last week's vote, as the Government and opposition eye each other warily, it may be worth remembering that Brazil has a history of political conciliation and a knack of finding last-minute compromises where no room for manoeuvre appears to exist. Succession crises of this sort have been commonplace, both under the military and previous civilian governments.

This time, however, there is a big difference: uniquely, the political difficulties have coincided with a severe economic crisis and a tired military regime, whose remaining days could be shorter than it expects. The combination may prove potent.

Lombard

# Freeing Fed from LDC straitjacket

By Samuel Brittan

THE FED bears the main responsibility for stopping an inflationary take-off in the U.S. It is probably too late to prevent some acceleration in the U.S. inflation rate which is more than merely statistical, but it is not too late to put on a brake. The American Budget deficit is almost certainly exerting a direct demand pull upon prices, apart from all its other effects. We have had four recent quarters of U.S. real growth averaging well over 7 per cent per annum; and the much predicted slowdown still lies ahead. This year's rise in bond yields clearly reflects inflationary fears on Wall Street.

There is greater readiness on the part of the President and Congress to do something worthwhile, but modest, about the Budget deficit than there was. But it will hardly be enough to stop interest rates rising.

The 1½ to 2 percentage points rise in short term interest rates since the beginning of the year shows the Fed is willing to let the market take interest rates higher if this is necessary to prevent the monetary guidelines being breached. The March telephone meeting of the Open Market Committee, which endorsed an upward breach of the former 10 per cent limit for the Federal Funds rate showed Mr Paul Volcker and his colleagues were serious.

Nevertheless the financial markets are still somewhat sceptical of the Fed's counter-inflationary intent. One reason for this—the imminence of the Presidential election — is perhaps overemphasised. Although Mr Volcker will do what he can to avoid a clash of wills with the President, in the last resort he knows that his own and the Fed's reputation are at stake; and it is not even in the short-term political interest of Ronald Reagan to make his task impossible.

The second and more serious reason for Wall Street scepticism is the belief that fears for the effects on the developing countries and the world debt problem, will prevent the Fed from letting interest rates rise to whatever it takes to move the economy towards a non-inflationary growth path. One hears again and again that each 1 per cent rise in U.S. short term interest rates adds $400m per annum to Mexico's debt servicing costs and $600m to Brazil's. Already there are signs of borrowing countries becoming restive at rescheduling terms and conditions and another bout of fears about default is being experienced in the financial community.

At this point, however, common sense rebels. Is the mere mention of the words "ldc debts" to be allowed to stop any sensible U.S. internal policy? Is the most important currency in the world to be debauched by inflation because banks have made unwise loans? If the Fed is to be inhibited at home because of relatively small effects (in terms of dollars) on Latin American overseas payments, is it not an example of the tail wagging the dog? Would it not be better simply to hand over to the LDCs enough cash to offset the extra interest obligations in order to give the Fed a free hand at home?

I have been relieved, if somewhat surprised to learn that such thoughts do not merely come to me in the bath, but are current among Washington policymakers. If further increases in U.S. interest rates, necessary for domestic policy, were to hurt the debtor countries, special help would, I am told, be considered. The thought is not so much of official loans or aid, but of leaning on the commercial banks to extend enough credit to save the LDCS embarrassment.

Many crucial details need to be filled in, including the role of non-U.S. banks whose acquiescence appears to be taken for granted. Predictably the Fed inclines to a case-by-case approach, meeting trouble when it comes. The Council of Economic Advisers sees advantages in pre-announced guidelines. The latter might reassure the markets of the Fed's ability to continue a counter-inflationary policy; and this might itself limit any required further rise in interest rates.

Central Bank dislike for the clear-cut and the articulate, together with international political obstacles, will give the advocates of a pre-announced scheme a hard task. But the time has surely arrived to stir up the whole discussion vigorously from the outside.

# Letters to the Editor

## Mortgage options

From the Public Affairs Officer, Halifax Building Society

Sir—I was interested to read Robert Wokler's comments (April 21) on the repayment options provided by building societies following the introduction of MIRAS. At that time the Halifax Building Society gave all existing borrowers (of whom there are well over 1m) a choice of four alternatives.

For people who preferred the pre-MIRAS arrangement, a system involving annually adjusted monthly payments was made available; this effectively recreated the old method of giving tax relief on mortgage interest. The option mortgage scheme was reproduced in effect by the level repayments method and its extended term variation. A switch to the endowment scheme was the fourth alternative.

All new borrowers have the same choice but, of course the extended term is not applicable. These options demonstrate that insurance commission, and the contribution it makes in keeping interest rates to borrowers as low as possible, takes second place to the wishes of borrowers and applicants.

R. W. Gravestock,
PO Box 20,
Trinity Road,
Halifax, W. Yorks.

## Buy in metric—sell in Imperial

*From Mr R. Rainbow*

Sir,—I was most interested to see the article "Imperial measure inched out on TVs" (April 25) stating that "one of the last bastions of Britain's imperial measurement system is about to fall."

Perhaps readers could bring some influence to bear on the retail carpet trade as we have the problem of buying in metric and selling in imperial which confuses everyone and as more and more houses are being built in metric sizes and the educational system provides only for this it is time we changed over.

Bearing in mind that such a change would appear like a 10 per cent price increase it is essential for government assistance on a proper metrication date.

R. D. Rainbow.
*110 Abington Street,*
*Northampton.*

## Do-it-yourself and the unions

*From Mr L. S. Henderson*

Sir,—Samuel Brittan (Economic Viewpoint, April 26) cites do-it-yourself work as helping "to increase the power of the individual against the union or other monopolistic group."

In fact, do-it-yourself is not a weapon against unions but part of the price which we have to pay for them, and for taxes —or at least discriminatory taxes. If he would care to call round to inspect my efforts in this area, I am sure Mr Brittan would see what I mean.

L. S. Henderson.
*20, Tamar House,*
*12, Tavistock Place, WC1.*

## Positional goods

*From Mr R. V. Ingham*

Sir,—No doubt now, that on the day when World War III comes about the Financial Times will applaud the "positional goods" (April 26) explanation of Samuel Brittan....

"It was just that every Chinaman wanted a Mini-----"

Robert V. Ingham.
*29, Woodlands Crescent,*
*Knutsford, Cheshire*

## Valuation for rating

*From Mr T. Ende*

Sir,—While I heartily agree with your correspondent (April 25) when he advocates site-value rating to simplify and quicken the process of valuation for rating and also support the proposal he makes so far as it affects the "needs" element for phasing out of the rate support grant. I do not agree that the "domestic" element and the "resources" element should be abolished.

The domestic element is paid by the Government to assist domestic ratepayers of low income and the resources element is paid when the average rateable value per head of the population of a rating area falls below the national average.

It seems to me that the resources element serves the purpose of Mr Law's proposed "national equalisation scheme" already.

T. A. Ende,
*3 Langfullen Court,*
*1 Adolphus Road,*
*Finsbury Park, N4.*

## Salary levels for senior management

*From Mr Peter M. Brown*

Sir,—The recent Jobs Column comparison of banking salaries in the City with our national figures for senior management in all sizes and types of business implies that financial employers are overpaying some staff.

Of the 36 categories of banking specialist who appear to be paid more than equally responsible industrial manager, six fall below that average when London weightings and average/median adjustment percentages are added, increasing the senior manager median figure to £20,240.

Of the other 30 specialisations, some such as small ticket leasing managers may be based on rather small samples in suddenly popular techniques. I can't believe the long-term operators in this market pay £37,000 for this skill.

Overall, however, the comparison does highlight a new factor in UK salary administration. Certain disciplines in financial, computer and other growth areas can now command, anyway in the south-east, salaries on an international assessment scale, while other UK management, however skilful, is not as mobile and is remunerated on a national basis divorced from similar job earnings in New York or Geneva.

Peter M. Brown.
*Reward Regional Surveys,*
*1, Mill Street, Stone, Staffs.*

## 'Super boroughs' in place of GLC

*From Mr R. A. Price*

Sir, — The Government is regrettably mismanaging an absolute necessity—the abolition of the GLC. The undoubtedly expensive "defence" documents and poster campaign do present a *prima-facie* case for retention. The arguments used by the Government are destroyed in the booklet "Four Government Lies." Therefore we need to conduct the debate on a simpler level.

The Conservative party won a Parliamentary majority, primarily, one presumes, for its handling of the economy, and not as a manifesto to commitment for the abolition of the GLC / Metropolitan county councils. London gave the Labour party a majority at County Hall because of its proposed transport policy and not for a manifesto at County Hall because of its proposed transport policy and not for a manifesto commitment to create employment.

Greater London is a spurious concept. Its creation cut across county boundaries and its division of boroughs divided local communities. Sports administration are a case in point. Services and facilities provided, for exampe, in Croydon are used primarily by people in the immediate catchment area. So why should a Havering ratepayer contribute to a facility or service in Croydon and *vice versa?*

The opinion polls generally show a majority in favour of retention. What percentage actually used their vote when the GLC elections were last held? Who managed London Transport prior to the formation of the GLC? Confirmation that the Government's real case for the GLC's unnecessity has been managed.

The increase in the GLC rate in real terms over the years 1982-84 is about 30p in the £ (additional rates paid are about £80) against an estimated subsidy for the Travelcard (by contrasting "actual fares" against the cost of £75 a year on a monthly basis).

I wish the Government would consider your editorial suggestion of "super boroughs" (and possibly even an Inner London Authority) so that projects of more than borough significance can be considered probable instead of unlikely.

R. A. Price.
*7, Whybridge Close,*
*Rainham, Essex.*

## Donations to charity or political parties

*From Mr G. M. H. Walker*

Sir,—Section 19 of the 1967 Companies Act stipulates that directors' reports must contain certain particulars of political and charitable payments.

A company is treated as giving money for political purposes if it gives a donation or subscription to a person who, to its knowledge, is carrying on or proposing to carry on any activities which can at the time at which the donation or subscription was given reasonably be regarded as likely to affect public support for a political party.

I can find no requirement that payments covered by this section must be voluntary. Can any of your readers assist in providing a correct interpretation of the application of Section 19 to that part of a company's rate bill which is ultimately squandered on political advertising in national or local newspapers?

G. M. H. Walker.
*300, Goswell Road, EC1.*

## Scargill and the London dockers

*From Mr A. H. Scott*

Sir,—Mr Scargill seems to be trying to do to the coal industry what earlier militants did for the London docks. They crowed just as loudly before huge meetings and the customers fled elsewhere, notably to Rotterdam.

Even a Scargill victory would not prevent customers from deserting British coal. In the end it is the customers who decide the fate of an industry and it is not possible to put coercive pressure on them.

As to the interests of the seamen and railwaymen, it seems immaterial where they transport coal from, abroad or from efficient pits in the UK. The cheaper the coal the greater the demand for it and the more it will need transport.

A. H. Scott.
*102, Beeches Road, Chelmsford.*

FINANCIAL TIMES

Monday April 30 1984



Terry Byland on Wall Street

# Detroit cycles hit car parts

IT HAS been a very good year for the U.S. motor components industry although stock prices, like so many on Wall Street, are not exactly jumping for joy. Results for the opening quarter of 1984, currently flowing through the stock market, have confirmed the solid recovery in sales to both the U.S. original equipment market (OEM) and also to the motor trade aftermarkets.

With American-made passenger car sales showing a gain of 23 per cent in the middle of this month, there is clearly plenty of business around for Sealed Power's piston rings, Arvin's emission equipment and all the other components turned out by Federal-Mogul, Sheller-Globe, Borg-Warner, Eaton, Dana and other suppliers.

Last year brought earnings gains of 119 per cent at Dana, and equally impressive, if not quite so huge, gains among the other major suppliers. The gains in profits far outpaced advances in sales, indicating the success of rationalisation during the three painful preceding years.

The first quarter has seen Eaton, Borg-Warner and Dana exceeding Wall Street forecasts, indicating that estimates for the full year may also have to be upgraded.

The largest gains have come in those suppliers selling to the much-battered U.S. truck market, which is now beginning to come into its own again as the construction and other industries replace older vehicles.

Dana, which beefed up its heavy truck divisions last year with the purchase of International Harvester's heavy axle line, followed up last year's profits gain with a further leap in the first quarter of 179 per cent.

Eaton, also strong in component sales to the heavy truck and off-highway vehicle industries, outstripped most forecasts in the stock market, although the comparisons are bedevilled by write-offs of $30m last year in respect of plant closures and investment in a Mexican affiliate.

With the capital goods recovery still in its initial stages, there should be plenty of further growth this year in both the truck and off-highway vehicle markets. Nor, to return to the more prosaic side of the business, is there any sign yet of a weakening in demand for U.S. passenger cars.

It seems a shade unreasonable, with all this good news about, that stock prices in the sector should be stock within spitting distance of their 12-month lows. In part this is because motor and kindred stocks are seen as highly cyclical, and were therefore placed high on the selling lists when the stock market turned bearish in January. After all, even General Motors and Ford, both of which announced glittering results for the first quarter, are a lot closer to their 12-month lows than to the highs.

But Detroit motor stocks are trading on price multiples well below the market average. GM at six times earnings, for instance, compares with 12.18 times on the Standard & Poor's 400 stock index.

The component manufacturers, however, are trading on price earnings multiples which invite closer scrutiny. The multiple on Dana is about 82 per cent of the S & P 400, and on Sealed Power about 66 per cent.

Multiples of these proportions on companies which are clearly likely to achieve further dramatic earnings this year suggests that the stocks have been unduly depressed by the anti-cyclical argument.

Wall Street analysts were predicting surges of between 35 per cent and 60 per cent in earnings by the sector leaders this year but are thinking again after the powerful advances of the opening three months.

It is a temptation simply to apply the current price multiples to the prospective earnings, and assume that stock prices are going to rise sharply. Mr Walter Schenker, at Bear Stearns, expects Dana to make $3.25 a share this year, which on a p/e of 10 makes the current price of $23 look ungenerous. Similar with Sealed Power, expected to earn $3.35 and currently priced at $22 on a multiple of 9.7.

In fact, component maker's p/e ratios are likely to fall as earnings rise, on past form. But even so, there is plenty of room for prices to advance, especially now that the first-quarter results have suggested that Wall Street forecasts are on the low side.

The best performers are likely to be Dana and Eaton, with strong benefits still to come from the revival of the heavy truck business.

Eaton has one extra potential bonus. It takes a fifth of its sales from overseas. European markets have yet to show much recovery.

**Dana in transmission merger, Page 18: Freeing the Fed from a straitjacket, Page 15**

# Wave of arrests stuns ultra-nationalist Israelis

BY DAVID LENNON IN TEL AVIV

A WAVE of arrests of Jewish extremists suspected of terrorist activities against the Arabs living under Israeli occupation has shocked the country's ultra-nationalist faction, which until recently had regarded itself as immune from Israeli law.

The arrests among Jewish settlers in the occupied territories and their supporters in Israel continued yesterday, following the discovery on Friday of bombs placed on five Arab-owned buses in Jerusalem. The number of arrests, which the police will not confirm, is believed to be between 20 and 30.

The bombs had been timed to explode in the afternoon when the buses carried Arabs home from prayers, but they were defused by Israeli security forces, apparently after a tip-off. They are believed to have been planted in retaliation for the hijacking of an Israeli bus two weeks ago by Palestinian terrorists.

Jewish terrorism against the Palestinians living under Israeli occupation has increased steadily in recent years as the expansion of settlements under the Begin Government planted more militant Israeli settlers among the Arab population centres.

The Israeli cabinet yesterday denounced the attempted bus bombing and praised the security forces for uncovering the plot. Mr Yitzhak Shamir, the Prime Minister, described the action as a potential human disaster which could have killed many people and which had caused serious harm to Israel.

The Jewish settlers on the occupied West Bank, Golan Heights and Gaza Strip were stunned by the scale of the arrests, and clearly disconcerted by what appears to be a change of attitude on the part of the government towards their vigilante actions. The settlers have long advocated tough retaliation for Arab acts of terror and sabotage. In recent years many of them have taken part in vigilante actions against West Bank Arabs and their property.

The first major incident was the attempted assassination of three prominent West Bank mayors in 1980. Two of the mayors were crippled. No arrests were made, although the security forces were widely believed to have known the identity of the perpetrators.

The Israeli forces failed to take any serious action against Jewish vigilantes until recently, when attempts to crack down on extremist groups were stepped up.

One West Bank settler was arrested recently on suspicion of killing an Israeli peace demonstrator in Jerusalem over a year ago. Other Jewish extremists were detained for plotting to blow up the mosque of Omar in Jerusalem, the third holiest site in Islam.

Meanwhile the Israeli High Court yesterday rejected an appeal by the daily Hadashot newspaper against a four-day closure ordered by the military censor. The paper was accused of failing to submit an item to the censor about the decision to appoint a commission of inquiry into the circumstances surrounding the deaths of the four Arabs who hijacked an Israeli bus two weeks ago.

**New Beirut Cabinet, Page 3**

# U.S. probe may lead to changes in options market

By Paul Taylor in New York

THE CHICAGO Board Options Exchange (CBOE) is close to completing a preliminary investigation into "unusual" activity in an expiring Standard & Poors 100 stock index option, which resulted in substantial losses to floor traders on the exchange.

The investigation has already sparked a wave of press and market speculation suggesting that the S&P index may have been manipulated in such a way as to ensure big profits for option holders and huge losses for floor traders.

The inquiry represents the first major challenge to the operation of the booming 13-month old U.S. market in options on the movement of stock market indices, and the first significant investigation of trading in the S&P 100 option.

As such, some market players are suggesting that whether any of the allegations are substantiated or not, the inquiry could lead to changes in the popularity, operation and regulation of the new stock index markets.

The investigation now involves the CBOE, the New York Stock Exchange and the Securities and Exchange Commission which has an "oversight" role. It is focused on last-minute trading in a stock index option which expired on April 19 – a day of thin trading ahead of the Easter holidays.

A review of trading activity surrounding the expiration of contracts is standard practice at the CBOE. But in this case the initial complaints of floor traders who had lost thousands of dollars in late volatile trading were reinforced by the exchanges' computers, which are programmed to detect deviations from normal trading patterns.

As a result, the CBOE investigation "was shifted to a more formal basis" says an exchange official. The basic – though so for unsubstantiated – suggestion is that several large Wall Street brokerage houses could have bought the large blocks of stocks which changed hands on the New York Stock Exchange late in the day, pushing the S&P index up by 1½ points and thereby inflating the value of the S&P contract – and of the option to buy it.

"It is the sudden increase in the value of the index caused by large block trades on the NYSE just before the close in very light trading which caught the computers' attention" according to the CBOE.

Nevertheless, CBOE officials stress that there could be many explanations for what happened. "I would hesitate to jump to conclusions," says Mr Bob Bassi, an official of the exchange.

Most stock index option experts believe it would be extremely difficult, risky and expensive to try to manipulate such a broadly based and highly capitalised index. The big blocks traded in the last minute of trading on the NYSE, included General Motors, General Electric, International Business Machines, Exxon, Eastman Kodak and Standard Oil of Indiana – which together make up a little more than 20 per cent of the value of the S&P index.

THE LEX COLUMN

# Risk and reward for Telecom

The privatisation of British Telecom is – pace Reuters – the most complex and daunting corporate finance endeavour ever undertaken in the UK. Over the next few months the Government will, in effect, create a new corporation, establish a formal tariff and licence structure to govern it and finally market what will be the country's largest non-oil company to who ever it sees as a buyer.

Not surprisingly, the prospect of accomplishing this Herculean task within the alotted time is causing a degree of nervoussness all round. Telecom itself was adamant last week that the flotation could be achieved in the autumn, as planned, but it is not inconceivable that the autumn may this year extend into the Christmas shopping period.

Over the past two months the flotation has suffered several important setbacks in the City's eyes. The phased withdrawal of first year capital allowances in the Budget may have added about £700m to Telecom's mainstream tax liability in the second half of the decade and has almost certainly confronted the company with a cash outflow in the years after 1984/85.

## Tariff formula

The interim statement covering the six months to September happily swept away much of the accounting fog which had shrouded Telecom but the figures themselves were hardly encouraging; the City would now be surprised if the company exceeded its restated 1982/3 profits of £1.03bn in the year ended last month.

Finally, the Government's refusal to budge from a tariff formula which will confine Telecom to price increases on a basket of services three percentage points below the level of inflation has caused institutions to revise downwards their expectations of future profits growth. At a rough guess, the additional percentage point on which the Government has insisted may cost Telecom around £30m in profits during year one; and of course it will compound thereafter.

As if this were not enough, soundings in the City have suggested that institutions may be prepared to absorb only about £2bn of equity, broadly half of what the Government is hoping to raise. The balance is expected to come from the great share-owning – or in this case telephone-renting – democracy as well as from overseas capital markets.

Quite apart from the potential legal and administrative difficulty of parcelling out shares to telephone subscribers, the policy is clearly fraught with commercial risk. It is anyone's guess what effective discount will need to be offered through rental vouchers to attract sufficient interest; the Government may, for example, find that it has to offer a yield competitive with building society term shares.

Nor do overseas markets represent a particularly reliable source of funds. The U.S. investor will compare Telecom with AT&T, currently yielding 8 per cent, and may well judge that the British company's commitment to lossmaking local services outweighs the advantage of a virtual national monopoly. In Japan, meanwhile, a sale could be stymied by the unwillingness of the Japanese authorities to permit reciprocal foreign ownership of their own telephone utility.

It is therefore of paramount importance that the Government presents an attractive investment proposition to the City. With a raft of other companies still to be floated off, it can ill afford another Britoil. In the right circumstances, however, the Government may be able to raise substantially more from the institutions than the £2bn being suggested by its financial advisers. Institutional cash flow is buoyant, the flood into overseas equities appears to have abated and, if the institutions are true to their word, cash allocated to Reuters should be available.

To the extent that Telecom is financing the PSBR by other means, the validity of the whole exercise would be open to question if the Government had to sell Telecom on the cheap because of actuarial worries within the institutions. Even assuming that the City subscribed for the whole issue, the drain on institutional cash flow in the current financial year would be substantially smaller than that created by the Government's operations in the gilt-edged market during banking January and February.

## Capital structure

The indications are that the Government is moving towards a capital structure which, while not meeting the highest hopes, should be broadly acceptable in the City. The balance sheet will accommodate a high level of gearing, particularly if the new preference capital is treated as debt, but the troublesome pension fund liability has been extinguished and the debt/equity ratio should fall in later years as retentions outweigh the extra borrowings taken on to finance Telecom's capital spending programme.

Yet the revenue account will be burdened by a heavy load of fixed interest costs, a rigid tariff structure and a rising tax rate. If Telecom is to persuade the market to swallow a dividend yield much below the 8 per cent ventured in some parts of the City, it will also need to show that unit costs can be reduced fast enough in real terms to permit significant dividend growth in later years. In the months leading up to privatisation, the market's perception of Telecom's cost base may become as important a determinant as any of the issue's eventual success or failure.

# Fiat takes sales lead in Europe

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

FIAT of Italy emerged as Western European car market leader in the fiercely contested first quarter of 1984.

Fiat's advance was broadly based and refected the success of its small car, the Uno, launched early in 1983 and which, therefore, did not make much impact on the first-quarter statistics last year.

The Italian group's European share rose sharply from 11.7 per cent in the first quarter of 1983 to 13.2 per cent in the comparable months of this year.

European car sales in total showed an improvement of 1 per cent in the first quarter to 2,858,860, according to unofficial figures circulating within the industry.

The intense nature of the competition can be judged from the fact that only 2.2 percentage points separated Fiat at the top and Renault in sixth place.

Renault, the 1983 leader with a 12.6 per cent share, fell back from 12 per cent of the first-quarter market to 11 per cent.

Examples of Fiat's widespread progress include: Norway where its sales were up 187 per cent, Finland, up 111 per cent, Denmark 91 per cent, Sweden, up 69 per cent, Belgium, up 65 per cent, Austria, up 47 per cent and the Netherlands, up 42 per cent.

Only in two of the 16 European markets – Portugal and Switzerland – did Fiat's sales volume fail to match that in the first quarter of last year.

The Italian company benefited substantially from its domestic market performance. Its market share in Italy improved from 53.4 per cent to 54.6 per cent when the total market showed an 8.5 per cent rise.

But Fiat continued to make headway in the other major markets, with sales in the quarter up 26 per cent in France, 14.4 per cent in West Germany and 15 per cent in the UK.

Renault, which pipped Ford for the 1983 European championship by only 10,000 registrations, says it is less advanced with its model replacement programme than its major rivals and is suffering the consequences.

The group lost much ground in France in the first quarter when the total market fell by nearly 11 per cent. Renault's share of the declining market dropped from 33.4 per cent to 31.8 per cent.

General Motors (GM) and Ford of the U.S. are locked in a battle for second place in Europe. In the first quarter Ford sold about 550 more cars than GM to gain a 12.2 per cent market share (down from 13.7 per cent in the first quarter of 1983) while GM's penetration rose from 11.1 per cent to 12.1 per cent.

# Companies 'focus on training'

BY JOHN LLOYD, INDUSTRIAL EDITOR, IN LONDON

MOST LARGE European manufacturing companies cut their workforces and increased automation last year, and are planning a major effort to upgrade the skill levels of remaining workers.

About one-in-four also lost money, though this was an improvement on 1982, when about one-in-three was unprofitable.

A survey of 152 large companies in most West European countries (with average sales of $680m a year and an average of 3,840 workers) by INSEAD, the Paris-based business research organisation, shows that more than two thirds reduced the size of their workforce in 1983, while 55 per cent had computerised production.

However, the report also shows that this activity is now slackening, and that greater attention is being given to improving product quality by increasing the motivation of labour. Almost two thirds of the companies surveyed said they would work on training systems, particularly on the training of supervisors, compared with less than half who did so in 1983.

The underlying concern of most European manufacturers – in common with their U.S. and Japanese counterparts – is for "consistent and reliable quality." About 85 per cent said this was the "key factor" for success, while 80 per cent added that "making dependable delivery promises" and "providing high performance products" was of equal importance.

The report says: "Broadly speaking, it appears that in the beginning of 1984 many of the large manufacturers in Europe, having just gone through major structural changes, are now focusing on making their leaner and restructured manufacturing systems work better. As such, they are paying more attention to labour-related issues, and are continuing to push the computer into manufacturing operations.

"The highest priority for most of them is improvement of product quality. To that, and the other priorities they are setting themselves, they seem to be banking on the upgrading of the (remaining) workforce, the training of supervisors and the exploitation of the capabilities of computers in manufacturing."

The report notes that European companies are more concerned with high or rising costs than their Japanese counterparts

*"The State of Large Manufacturers in Europe": INSEAD, Boulevard de Constance, 77305 Fontainebleau Cedex, France*

# Hawley rejects new bid

BY WILLIAM HALL IN NEW YORK

CARTER Hawley Hale, the U.S. department store group whose empire includes Neiman-Marcus and Bergdorf Goodman, has rejected a $1.3bn bid from its small but aggressive rival, The Limited, the leading U.S. women's wear retailer.

After an emergency board meeting on Saturday Carter Hawley Hale (CHH) announced that its board had unanimously rejected the increased offer from The Limited, characterising it as "inadequate and not in the best interests of its shareholders taken as a whole."

The rejection is unlikely to stop The Limited from pursuing the biggest, and one of the most bitter takeover bids in U.S. retailing history, which is pitting one of the fastest growing and most profitable retailing chains against one of the oldest established names in department stores.

In a bid to fight off the unwelcome takeover bid from The Limited, Carter Hawley Hale has issued $300m of preferred stock to General Cinema, America's biggest Cinema Chain and leading soft drink bottler, using the money to finance a $470m repurchase of 17.96m of its own shares.

# Arbed debts reduced

BY PAUL CHEESERIGHT IN BRUSSELS

ARBED, the Luxembourg-based international steel group, is not making enough money to service its debts, despite undergoing major restructuring last year.

Total debts had been reduced to LuxFr 3.8bn ($69.2m) and annual financial charges had fallen by LuxFr 575m, Mr Emmanuel Tesch, president, told shareholders at the annual meeting. But although the group was healthy enough to cover its operating costs and the renovation of essential plant, it could still not cover its total financial charges.

The restructuring involved capital injections and the issue of convertible subordinated loans, which have been taken up by the Luxembourg Government and the group's principal bankers. The effect has been to lift the Government's stake in Arbed to 24.5 per cent.

When all the loans have been subscribed, the participation of Société Générale, the biggest of the Belgian financial and industrial holding companies, will rise to the same level.

Arbed is negotiating to buy back Société Générale's small stake in Dismar, Arbed's high performing Belgian unit.

# World Weather

| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | C | 16 | 61 | Dubrovnik | - | — | — | Malaga | C | 19 | 66 | Salzburg | F | 9 | 48 |
| Akrotiri | S | 19 | 66 | Faro | F | 18 | 64 | Malta | S | 20 | 68 | Seoul | F | 21 | 70 |
| Algiers | C | 21 | 70 | Florence | C | 13 | 55 | Manila | C | 35 | 95 | Singapore | C | 32 | 90 |
| Amsterdam | S | 13 | 55 | Frankfurt | S | 11 | 52 | Miami | C | 26 | 80 | Stockholm | S | 19 | 66 |
| Athens | C | 17 | 63 | Funchal | C | 19 | 66 | Milan | - | — | — | Strasbourg | S | 13 | 55 |
| Bahrain | C | 25 | 77 | Geneva | S | 10 | 50 | Moscow | S | 16 | 61 | Sydney | R | 19 | 66 |
| Bangkok | C | 33 | 91 | Gibraltar | F | 20 | 68 | Munich | F | 7 | 45 | Taipei | C | 23 | 73 |
| Barcelona | C | 15 | 59 | Guernsey | S | 11 | 52 | Nairobi | - | — | — | Tangier | C | 19 | 66 |
| Beirut | S | 20 | 68 | Helsinki | - | — | — | Naples | F | 16 | 61 | Tehran | - | — | — |
| Belgrade | F | 12 | 54 | H. Kong | R | 20 | 68 | New Delhi | F | 40 | 105 | Tel Aviv | S | 23 | 73 |
| Berlin | F | 12 | 54 | Innsbruck | S | 9 | 48 | New York | C | 20 | 68 | Tenerife | C | 19 | 66 |
| Biarritz | C | 17 | 63 | Inverness | S | 16 | 61 | Nice | C | 14 | 57 | Tokyo | F | 16 | 61 |
| Blackpool | S | 15 | 59 | Istanbul | F | 11 | 52 | Oporto | S | 18 | 64 | Toronto | F | 20 | 68 |
| Bordeaux | S | 21 | 70 | Jersey | S | 12 | 54 | Oslo | S | 15 | 59 | Tunis | S | 28 | 82 |
| Brussels | S | 11 | 52 | Jo'burg | F | 14 | 57 | Paris | S | 14 | 57 | Valencia | R | 17 | 63 |
| Budapest | S | 12 | 54 | Las Palmas | C | 20 | 68 | Prague | S | 9 | 48 | Venice | F | 12 | 54 |
| B. Aires | C | 18 | 65 | Lima | C | 24 | 75 | Reykjavik | C | 5 | 41 | Vienna | S | 14 | 58 |
| Cairo | C | 25 | 77 | Lisbon | C | 18 | 64 | Rio de J'o | F | 29 | 84 | Warsaw | C | 10 | 50 |
| Cape Town | S | 22 | 72 | Locarno | R | 7 | 45 | Rome | F | 14 | 57 | Zurich | S | 14 | 58 |
| Caracas | R | 28 | 82 | London | S | 12 | 54 | | | | | | | | |
| Casablanca | R | 16 | 61 | Los Angeles | C | 20 | 68 | | | | | | | | |
| Copenhagen | S | 15 | 59 | Luxembourg | S | 11 | 52 | | | | | | | | |
| Corfu | R | 14 | 57 | Madrid | F | 14 | 57 | | | | | | | | |
| Dublin | S | 15 | 59 | Majorca | F | 23 | 73 | | | | | | | | |

*Readings at mid-day yesterday:*

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

# New rules for cable TV

**Continued from Page 1**

caused the PTT growing concern. It feared local communities would prefer to opt for the cheaper but technologically less advanced coaxial cable solution.

The PTT also feared that some local authorities, when allied with strong private interests, would seek to challenge the PTT's monopoly in telecommunications by offering independent data and video transmission services on their cable systems.

The Goverment has again compromised on these controversial issues. To allay the fears of local communities on the heavier costs of constructing optical fibre systems, the PTT will now have to meet the major share of the capital costs of cabling France for television.

In return, the PTT will get the optical fibre they have argued for vigorously, overall control of construction of networks and control on all telecommunications, data and video-transmission by cable.

The controversial issue of cable programming has also been settled. To help develop a French cable programming industry, a third of cable television revenues will have to be devoted to finance new original programmes.



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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Monday April 30 1984



# Borrowers return to renegotiate cheaper terms on credits

BY MARGARET HUGHES IN LONDON

IT HAS been evident in the past week that lending opportunities are thin on the ground. The only major deal to be announced – the $500m for Malaysia – gives the borrower generous terms, while more borrowers are returning to the market either to renegotiate existing credits or to raise cheaper finance to repay them.

Mandated to Chase Manhattan, Industrial Bank of Japan and Malayan Banking, the Malaysian credit carries both a low margin and a long maturity without the prime option favoured by banks.

At the same time a second borrower, ENEL, Italy's electricity concern, has followed Ireland's example and is renegotiating an existing credit to take advantage of the finer terms now available.

It wants to reduce the margin over prime to ⅛ per cent throughout on the $247.5m still outstanding on a $450m loan arranged in 1979 for it by Manufacturers Hanover and to extend maturity by 3½ years to 10½.

Like Ireland – and more recently Hydro-Quebec, the first to follow Dublin's lead – ENEL is expected to get a generally favourable response from the banks involved, given the current high liquidity of the international banking community.

By the end of last week sufficient funds had been re-committed on the new terms for the $500m loan for Ireland, despite the fact that some banks had dropped out, representing about $75m. But even without them commitments passed the necessary $500m mark although Citicorp, as agent bank, said that an increase was unlikely.

Similarly, Bank of Montreal reports that despite the reluctance of one or two banks sufficient funds have been recommitted for it to be able to go ahead with the renegotiation requested by Hydro-Quebec. Here the borrower wants to reduce the margin and extend the grace period of a $750m portion only of the $1.25bn loan first arranged in 1980.

Further evidence that borrowers are taking advantage of current market conditions came with Sweden's $800m floating rate note (FRN) issue announced last week. The proceeds from this FRN will be used to repay an exisiting loan for the same amount raised for Sweden in 1981 by Chase Manhattan which was more expensively priced. The interest saving on the bonds is up to 1 percentage point.

Meanwhile Denmark is this week expected to decide whether to take advantage of the cheaper financing now available by coming to the market for $1.6bn to replace roughly the same amount of an existing standby credit raised at higher cost.

The dearth of new lending opportunities is clearly shown in the latest quarterly Eurocurrency bank credit statistics published by Morgan Guaranty Trust.

Apart from the $35bn credits extended to U.S. companies – mainly oil majors – to finance takeovers, only a little over $4bn has been lent during the first quarter of this year to borrowers in the industrialised world. This compares with over $10bn in the first quarter of 1983 when U.S. companies were not major recipients. Lending to developing countries meanwhile was down sharply from $15.56bn to $10.18bn of which $6.5bn is accounted for by the jumbo loan to Brazil.

This helps explain the fierce competition for any new mandates, such as that being waged for Telefonica of Spain's proposed £50m credit, and the doubling of the Gaz de France loan. It also lends credence to reports from Moscow that the credit for the Soviet Union's Foreign Trade Bank may be increased to as much as $300m.

Elsewhere in the Eastern Bloc, Poland has managed to persuade banks both to agree a four year debt rescheduling package with softer margins than last year and to obtain some $700m additional credits.

INTERNATIONAL BONDS

# Demand for FRNs fizzles out

BY MARY ANN SIEGHART IN LONDON

THE EURODOLLAR floating rate note bubble may not have burst with a big bang, but it has been quietly deflating for the last month. Of all the FRNs launched this year, the number still trading at a discount within their fees is tiny.

The market has evidently overreached itself. So far this year almost $10.5bn worth of new FRNs have been launched, compared with just under $14bn for the whole of last year.

This oversupply has taken its toll, but other factors are at work, too. Another reason for the falls in price of the issues launched in January and February is that their coupons were fixed when the six-month London interbank offered rate (Libor) was up to a full percentage point lower than it is now.

This factor alone would not account for the current investor apathy towards FRNs, which even extends to new issues priced on more generous margins. Some bankers suggest it is a psychological problem.

Carried away on the wave of euphoria which hit the market in the first couple of months of this year, many banks which used to buy FRNs as assets to put on their books started to trade them as well.

Prices rose, margins tightened and the pickings were rich. Moreover, dealing in FRNs seemed relatively risk-free. After all, if the coupons were reset twice or four times a year, there should be hardly any risk of the prices falling.

New FRN trading departments sprang up and chief FRN traders joined the traditional Eurobond market game of musical chairs. Dealers built up huge positions but were unworried because liquidity was supposed to be so good – they could always unload the notes if necessary into a willing secondary market.

| BHF Bank bond average | | |
|---|---|---|
| April 27 | | Previous |
| 99.580 | | 99.585 |
| High | 1984 | Low |
| 100.009 | | 98.056 |

Then the market very gradually lost its nerve. There was no massive dumping of bonds, but investors ceased to buy.

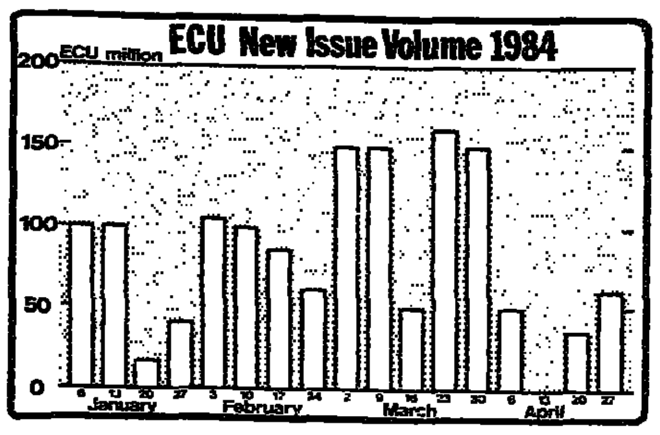
Traders as well as investors began to realise that not only could the price of floaters fall, the liquidity that was supposed to be so great was a fair-weather friend.

Where had all the buyers gone? The answer is that they were saturated. The Japanese, who were heavy buyers before their March 31 financial year-end, had enough floaters on their books. So did traders, who had probably already had their position limits increased once. They could hardly reapply in order to buy paper that no-one else wanted.

Margins on new floaters have widened in the last few weeks, but still – apart from a few notable exceptions like NatWest, BHP and Bankers Trust – they have traded at no better than breakeven levels. Even at these discounts they have been difficult to sell, and dealers talk of large inventories piling up on lead-managers' and co-managers' books.

Now that the speculators are out of the market and the notes are less liquid maybe new issue managers should return to pricing on an asset basis. Spreads of 15 or 17 basis points over Libor are a scant return on an instrument which could be hard to sell without a capital loss.

One floating rate note success story last week, though, was Sweden's $800m Yankee issue in the U.S. domestic market. The deal has a seven-year final maturity, but investors can have their bonds redeemed at par every year.




Lead manager Salomon Brothers will try to resell these bonds to other investors, but if it fails, the balance will be lent to Sweden by a group of commercial banks led by Chase Manhattan.

The Ecu bond market is overflowing with new issues. Though volume has declined slightly in April, it has not altogether fallen away, and this Wednesday is likely to see an Ecu 57m bond from Swedish Export Credit led by Kredietbank Luxembourgeoise. It may be in two tranches: a zero-coupon one and another with a coupon of about 10⅝ per cent. Both will probably have five-year lives.

The Swiss franc and D-Mark sectors have been very quiet all week with little retail interest and prices moving downwards where changed. Prices of secondary dollar bonds moved up and down in line with the New York market but trading was desultory.

## NEW INTERNATIONAL BOND ISSUES

| Borrowers | Amount m. | Maturity | Av. life years | Coupon % | Price | Lead Manager | Offer yield % |
|---|---|---|---|---|---|---|---|
| **U.S. DOLLARS** | | | | | | | |
| Premier Grp. Holdings †‡ | 50 | 1988 | 5 | ⅜ | 100 | Citicorp. Intl. | – |
| Creditanstalt Bkvn. ‡ | 100 | 1991 | 7 | 13⅛ | 99¾ | Chase Manhattan, EBC, Manuf. Hanover, Merrill Lynch, Mgn. Stanley, SG Warburg | 13.182 |
| Japan Air Lines ‡ | 78 | 1994 | 10 | 12½ | 99¼ | Bankers Tst. Intl., IBJ Intl. | 12.545 |
| Florida Fed. Savings △‡ | 100 | 1989 | 5 | 12⅜ | 100 | Salomon Bros., BNP, Kidder Peabody | 12.375 |
| Taiyo Kobe Bank †(a)‡ | 100 | 2004 | 20 | ⅛ | 100 | CSFB, Taiyo Kobe, Salomon Bros. | – |
| C. Itoh ¶ | 50 | 1989 | 5 | 7½ | 100 | Nikko Secs., Robt. Fleming, Dai-Ichi Kangyo | * |
| Sweden ††(b)† | 800 | 1991 | 7 | * | 100 | Salomon Bros. | – |
| CCCE ⏀‡ | 100 | 2009 | 25 | 0 | – | Salomon Bros., Bqua. Paribas | 11.670 |
| Coast Savings △‡ | 125 | 1988 | 4 | 12¼ | 100 | Goldman Sachs, Paribas | 12.250 |
| Chubu Electric 8 | 44.3 | 1989 | 5 | 6⅝ | 99¾ | Nomura Intl. | 6.685 |
| **CANADIAN DOLLARS** | | | | | | | |
| Prov. of New Brunswick †(c)‡ | 75 | 1994 | 10 | ⅛ | 100 | Salomon Bros. | – |
| **D-MARKS** | | | | | | | |
| Gould Intl. Fin. ‡ | 100 | 1991 | 7 | 7⅝ | 100 | Commerzbank | 7.625 |
| **SWISS FRANCS** | | | | | | | |
| Sumitomo Realty **§‡ | 85 | 1989 | – | 1¾ | 100 | CS | 1.750 |
| Mitsubishi Mining **‡ | 30 | 1989 | – | 5¾ | 100 | CS | 5.750 |
| Nachi-Fujikoshi Corpn. **¶‡ | 50 | 1989 | – | 3¼ | 100 | UBS | 3.250 |
| Koito Mfg. **§‡ | 50 | 1989 | – | 1¾ | 100 | Citicorp Bk. (Switz) | 1.750 |

| Borrowers | Amount m. | Maturity | Av. life years | Coupon % | Price | Lead Manager | Offer yield % |
|---|---|---|---|---|---|---|---|
| **SWISS FRANCS** | | | | | | | |
| World Bank ‡ | 150 | 1992 | – | 5¾ | 100 | UBS | 5.750 |
| Canada ‡ | 200 | 1992 | – | 5¼ | 100 | SBC | 5.250 |
| FGH Hypotheekbank ‡ | 110 | 1992 | 4½ | 5¾ | 100 | Bque. Gutzwiller Kurz Bungener | 5.750 |
| Central Fin. **¶ | 50 | 1989 | – | 3½ | 100 | Bque. Algn. Grenfell en Suisse | * |
| Japan Highway | 150 | 1992 | – | * | * | UBS | 5.375 |
| Oji Paper Co. **§ | 100 | 1989 | – | 2 | 100 | SBC | * |
| Nakanogumi Corpn. **‡ | 30 | 1989 | – | 5⅞ | 100 | UBS | 5.875 |
| Asahi Chemical **§‡ | 100 | 1989 | – | 1¾ | 100 | UBS | 1.750 |
| Honshu Paper **¶ | 50 | 1989 | – | 3½ | 100 | CS | * |
| Chubu Electric **‡ | 100 | 1989 | – | 5½ | 100 | UBS | 5.500 |
| Dowa Mining **¶ | 70 | 1989 | – | 3½ | 100 | CS | * |
| Gould Intl. Fin. **‡ | 25 | 1990 | – | 5½ | 100 | SBC | 5.500 |
| Chujitsuya **§‡ | 50 | 1989 | – | 1¾ | 100 | Wirtschafts- und Privatbank | 1.750 |
| Anritsu Electric **§ | 50 | 1989 | – | 1⅛ | 100 | SBC | * |
| Aica Kogyo **§‡ | 40 | 1989 | – | 1¾ | 100 | Swiss Volksbank | 1.750 |
| Mitsui Fin. Asia ‡ | 55 | 1994 | – | 5⅞ | 100 | Bk. Leu, CS, SBC, UBS | 5.875 |
| **GUILDERS** | | | | | | | |
| Asian Devt. Bank ‡ | 200 | 1994 | 8 | 8¾ | 100 | ABN, Amro Bank | 8.750 |
| Rank Xerox Fin. **‡ | 75 | 1989 | 5 | 8¼ | 100 | ABN | 8.250 |
| **ECUs** | | | | | | | |
| SNCI | 60 | 1994 | 8½ | 10⅞ | * | Bque. Gen. du Lux., Bque. Ind. a Lux., Caisse d'Epargne de l'Etat | * |

* Not yet priced. ‡ Final terms. ** Placement. § Convertible. † Floating rate note: coupon is spread over 6-month Libor. (a) Spread over mean of 6-month bid and offered rate. ¶ With warrants. △ Backed by U.S. Govt. or agency secs. ⏀ Plus 25 tranches. (b) Coupon linked to prime or CDs. (c) Spread over 3-month fully-hedged C$ deposit rate. 8 Yen-linked. Note: Yields are calculated on AIBD basis.

# INTERNATIONAL CAPITAL MARKETS AND COMPANIES

**U.S. BONDS**

## Investors stay short amid continued uncertainty

STAY WISE—stay short. That continues to be the message of the ultra-cautious and nervous U.S. money and credit markets.

The long-term bond markets staged a half-hearted attempt at a rally in thin trading early last week. But in the absence of *any real retail interest* and with further indications of booming private sector credit demand, and a steady but firm Federal Reserve Board policy, prices were kicked back down.

At the close on Friday short-term rates were unchanged to slightly lower on the week, while long-term prices had fallen by about ½ point. The new two-year note auctioned on Tuesday sold for an average yield of 11.83 per cent.

*In the money markets*—despite heavy Fed intervention ascribed to seasonal and technical factors—the Fed funds rate closed at 10.45 per cent and the three-month Treasury bill *rate at 9.70 per cent.*

| U.S. INTEREST RATES (%) | Week to Apr 27 | Week to Apr 20 |
|---|---|---|
| Fed funds weekly average | 9.98 | 10.34 |
| 3-month CD's | 10.46 | 10.37 |
| 3-month T-Bills | 9.71 | 9.70 |
| 30-year Treasury Bond | 12.70 | 12.68 |
| AAA Utility | 13.88 | 13.75 |
| AA Industrial | 13.63 | 13.63 |

Source: Salomon Brothers (estimates).
In the week to April 16 M1 fell by $500m to $535.9bn.

In the credit markets the Treasury 30-year long bond closed at 94 1/16 to yield 12.81 per cent, compared to 12.76 per cent a week ago.

Underlying the market's current weakness are the now familiar factors which have been at play since *mid-January. In particular* the credit markets remain concerned about the Federal budget deficit in the face of rapidly growing private credit demand, are not convinced that apparent slowdown in the U.S. economy is "real," and believe there is a serious *risk* of a significant quickening in the currently moderate pace of U.S. inflation.

Topping it all, no one in the market knows how to interpret Fed policy in a period of extreme technical and market volatility—and can only guess at the way the Fed will respond to the still mixed signals on the pace of economic growth.

Dr Henry Kaufman, Salomon Brothers chief economist, says in his latest comments on credit "The fixed income markets are about to enter another period of uncertainty. Three interrelated issues confront the market: The strength of the economic expansion this quarter; money supply growth in May; the continued enlarged demand for credit."

And Dr Kaufman's conclusion? Money markets rates will probably rise — but moderately in view of the current inflation rate and renewed strength of the dollar. In addition "in spite of the *rapid growth in credit and the* accompanying rise in interest rates, there is no evidence that the current structure of interest rates is restraining *economic activity. Rather we* probably have a long way to go before interest rates bite into economic growth."

Such views are likely to be put to the test this week. Today the March leading economic indicators figure is announced and on Friday comes the April unemployment rate.

In the meantime whatever muscle is left in the U.S. credit market will be tested by the May refunding announcement, *due on Wednesday and expected* to total $16bn.

Corporate bonds have continued to outperform the government market over the last three months, yet the margin is slight and investors are clearly expressing a preference to stay short, as they have in Treasury securities.

Last week corporate bond prices declined by up to ½ of a point. Interestingly, as Salomon Brothers noted, yield spreads between seasoned utilities and industrials are near their high points for the year.

Last week saw $610m of new corporate issues launched into the U.S. markets. Among the new issues Citicorp sold $150m of five-year 13½ per cent notes at par.

This week, watch out for the impact of Socal's takeover of Gulf (now approved by the Federal Trade Commission). It is likely to result in a $10.6bn payment to shareholders. Socal noted that in order to avoid "undue disruption to financial markets," payment will be made on Thursday May 3.

**Paul Taylor**

## Swire Pacific to buy rest of property subsidiary

BY ROBERT COTTRELL IN HONG KONG

SWIRE PACIFIC, the Hong Kong conglomerate, announced on Saturday a HK$1.35bn (*U.S.$173m*) cash-and-shares offer to buy out the 27.5 per cent minority interests in its publicly-quoted subsidiary, *Swire Properties. The HK$8-*per-share offer is recommended by the Swire Properties board, and represents a premium of 21 per cent over Swire Properties' Friday close share price of HK$6.60.

Mr Michael Miles, chairman of Swire Pacific, said the offer *is "Swire's way of saying that* we intend to stay here for a long time to come" — an apparent reference to the recent decision by Jardine, Matheson, to move its legal domicile from Hong Kong to Bermuda. Mr Miles said that "We don't think even the most cynical observer could see this move as reflecting any lack of confidence in Hong Kong."

Mr Miles said he believed that Swire would function more effectively in the marketplace as a unified group, and that Swire Properties would *command finer credit terms as* a wholly-owned subsidiary of Swire Pacific.

Swire Properties reported net profits of HK$330m in 1983, and net assets at the year-end of HK$3bn, down from HK$4.3bn a year earlier.

The company's principal pro*ject is a residential* development at Taikooshing on Hong Kong Island, where it has sold over 9,000 units by the end of 1983. Sustained demand for small residential units meant that Swire Properties suffered less than many other Hong Kong property developers during the 1982-83 crash.

Swire Properties was the second-largest divisional contributor to Swire Pacific's 1983 net profits of HK$837m. The largest contributor was the airline Cathay Pacific, of which Swire Pacific owns 70 per cent.

The terms of the offer to Swire Properties shareholders are 130 new Swire Pacific "A" shares, plus HK$1,610 in cash, for every 500 Swire Properties shares held. Swire Pacific "A" shares closed on Friday at HK$18.40. The offer would be *implemented by scheme of* arrangement, requiring approval at a Swire Properties general meeting by at least half the minority shareholders present, speaking for at least 75 per cent of the shares represented at the meeting. Swire Pacific says the terms of the offer will not be revised.

## Losses at Olympia sharply reduced

BY JONATHAN CARR IN FRANKFURT

OLYMPIA, the West German office equipment maker 51 per cent owned by AEG-Telefunken, sharply reduced its losses in 1983 and made further progress in the first quarter of this year. *The company is making no* 1984 earnings forecast, but it expects world turnover to exceed last year's figure of DM 1.1bn ($406m) a rise of 2 per cent on 1982.

The loss of the parent company, Olympia Werke AG, dropped last year to DM 34.7m from DM 216m, thanks to reorganisation and cost-cutting. The group loss was smaller at *DM 25m* because the parent absorbed losses from some companies abroad but did not draw any profits home.

Two domestic plants have been closed, electronic typewriter production has been concentrated entirely at Wilhelmshaven in North Germany, and mechanical typewriters are now made only by Olympia's Mexican operation.

*Olympia* claims a market share for electronic typewriters, much the most buoyant element of its sales, of 19 per cent in Europe and 10 per cent in the U.S.

## Dana and ZF in truck transmission merger

By Kenneth Gooding, Motor Industry Correspondent

FURTHER significant rationalisation of the international commercial vehicle components business is in prospect following agreement by Dana of the U.S. and Zahnradfabrik Friedrichshafen (ZF) of West Germany to merge their truck *transmission operations.*

If the deal goes through the two companies will set up a worldwide transmission partnership to be known as ZF-Spicer with annual sales of about $550m and employing 9,500 people.

Dana-Spicer facilities included in the agreement are in Toledo, Ohio; Jonesboro, Arkansas; Knoxville, Tennessee; and Wolverhampton in the UK. ZF facilities to be transferred to *the partnership* are in Friedrichshafen, West Germany and Sorocaba, Brazil.

Dana claims that the two companies' products are almost entirely complementary. Mr Gerry Mitchell, Dana's chairman, said: "Dana gains access to a first-class product line which meshes nicely with its existing products basically without duplication, and the ability to manufacture its products in Brazil and on the European *continent where our customers* want them produced. ZF gains a marketing and manufacturing position in North America and the UK which will benefit them."

## Kuwait ends stock exchange support

BY KATHLEEN EVANS IN KUWAIT

*THE GOVERNMENT* of Kuwait has suspended its support of the country's official stock market, ending a 19-month policy designed to protect bank collateral.

The decision followed a minor rally in the market, based on expectations that a solution would shortly be forthcoming from the Government to the settlements still outstanding from the country's stock market *crisis of September 1982, which* left a trail of $94bn in post-dated cheques.

However, in the past few weeks, market analysts say that stock exchanges prices have been drifting downwards rapidly. The decline has caused alarm among Kuwait's bankers, *for some analysts estimate that* as much as KD 2bn-KD 3bn of total current bank lending of KD 4.5bn ($15.25bn) is backed by collateral consisting of shares listed on the official market. Such loans are usually covered 200 per cent, however.

Nevertheless, many banks and local companies in Kuwait have used the Government support price as the basis for their calculations in drawing up balance sheets. In spite of last week's *rally, stock prices* are still 20 per cent below that level.

The Government support operation began in *late* 1982, when the magnitude of the unofficial stock market's problems became apparent. Since then *it has spent* some KD 700m-KD800m in the market, resulting in more than 50 per cent of listed shares now being owned by the state.

Last November, the Government switched tactics and intervened only at the end of each day's trading. Such strategies led local stockbrokers to calculate two market share indexes — the Government support price and the free market level. As free market prices *began their slide, the policy* looked increasingly artificial and cosmetic, said local financiers.

## First-quarter increase for UBS

BY JOHN WICKS IN ZURICH

UNION BANK of Switzerland (UBS), the country's largest bank, has announced first *quarter results* higher than those of the preceding three months. Both income and commission income developed well, says the Zurich-based bank, with a particularly good showing in the securities sector. Costs were kept slightly below budgeted levels.

The balance sheet total of the bank rose by some 2 per cent to SwFr 117.3bn (U.S.$ 52.4bn) as of March 31, due primarily to a jump in clients' deposits of SwFr 1.6bn to SwFr 74.1bn.

## New president for Belgium's Kredietbank

● KREDIETBANK, Belgium's third largest commercial bank has appointed Mr Louis Delmotte as president from tomorrow. He has been the bank's acting president and managing director since February. He filled a post vacated by Mr Edward Wauters, Kredietbank president, who was arrested on suspicion of tax *evasion in connection with his* activities as president of the Royal Antwerp Football Club. Kredietbank has formally accepted Mr Wauters' resigna*tion as president.* "The board has acceded to his request which is proof of his concern for the bank's image and for the smooth running of its affairs" Kredietbank said in a statement. Mr Wauters will remain a managing director *however, the bank* added.

A spokesman for the Justice Department said the Wauters' case isn't yet closed. The probe *could* continue for another couple of month, he commented. Before assuming the post of acting president Mr Delmotte was a senior managing director of Kredietbank.

### INTERNATIONAL APPOINTMENTS

● R. R. DONELLEY AND SONS, Chicago, has elected Mr John A. Capstick senior vice president, and Mr Danford L. Sawyer, Mr Wayne Angstrom, Mr Allan F. Rucka and Mr Michael D. Moffitt, vice presidents of the printing company. Mr Capstick heads *Donnelley's UK operations.* Mr Sawyer joined Donnelley this February as director of management studies. Mr Angstrom is director of Donnelley's Glasgow, Kentucky, manufacturing division. Mr Rucka is director of *the Chicago manufacturing divi*sion. Mr Moffitt is director of the electronic graphics sales division of Donnelley's Electronic Graphics Group.

● Mr Tony Oates has been appointed chief executive of the west Australian property company, AUSTMARK INTERNATIONAL.

● Mr Matthew A. Kenny has been appointed president and chief operating officer of RACAL-MILGO. Mr Kenny, former senior vice *president*, sales and marketing, joined the company in 1968 as marketing manager, data communications products. Mr Edwin J. Hilpert has been promoted to *executive vice president,* and president of Racal-Milgo Government Systems Inc, the company's subsidiary for sales to the U.S. Government. Mr Raymond P. Colucci, in addition to his position as senior vice president of *manufacturing operations,* has been appointed president of the manufacturing division.

● NIPPON EUROPEAN BANK in Brussels has recently appointed Mr Yasunori Fujii as managing director, succeeding Mr Takeshi Watanabe, who is to assume a new appointment at the Tokyo head office of the Long-Term Credit Bank of Japan. Mr Fujii was deputy general manager.

● Mr James H. Davis has been elected senior vice president, operations technology of GREAT LAKES CARBON CORP. He was president of Ashland Services Company, Inc. a subsidiary of *Ashland Oil, Inc.* Mr Davis, who will be based at headquarters in New York, will be responsible for the corporation's 19 manufacturing facilities worldwide, and the research and technical facilities at Great Lakes *Research Corp.* at Elizabethton, Tennessee.

● HONEYWELL has appointed Mr Jack Alt to the newly created position of control systems director for Latin America. He will direct commercial and industrial group businesses in the Latin American subsidiaries and support the Latin America distributor business for the newly-formed Honeywell High-Tech Trading Co.

● Mr William B. Watt has been appointed executive vice president of PHH AVIATION SERVICES. Previously he was executive vice president and director of flight standards for EAF International, Inc, a PHH

● HARRIS CORPORATION of Melbourne, Florida, has appointed Mr Guy W. Numann senior vice-president in charge of the company's communications sector. Mr Numann was *formely* vice-president — group executive of the RF Communications Group within the communications sector.

● SAFEWAY STORES, INC. has made Mr William M. Albers senior vice-president—distribution. Mr Albers has spent the past 14 years with Wetterau Inc, a food wholesaler based in St. Louis, Missouri. He has been vice-president and director of warehousing and transportation there since 1977.

● SEARS ROEBUCK AND CO. has appointed vice-chairman Mr Richard Jones to the additional post of chairman of its Sears World Trade Inc subsidiary. Mr Roderick Hills will leave the position to return to private law practice.



## FT INTERNATIONAL BOND SERVICE

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Alaska Housing 11⅞ 94 | 100 | 94½ | 95 | 0 | +0½ | 12.70 |
| American Savings 12 89 | 125 | 99¾ | 99⅞ | 0 | −0½ | 12.09 |
| Australia Com. 11¾ 90 | 100 | 97⅝ | 97⅞ | −0⅛ | −0⅛ | 11.76 |
| Australia Com. 11½ 95 | 300 | 92 | 92½ | −0⅛ | +0⅛ | 12.79 |
| Australia Com. 11⅝ 98 | 100 | 91⅞ | 92¼ | −0⅛ | +0⅛ | 12.82 |
| Australian I. Dv. 11 89 | 75 | 94⅝ | 95⅛ | 0 | +0⅛ | 12.46 |
| Bank of Tokyo 11⅞ 90 | 100 | 95 | 95½ | −0⅛ | +0⅛ | 12.95 |
| Beneficial O/S F. 12 91 | 100 | 93¾ | 94¼ | −0⅛ | +0⅛ | 13.34 |
| Britoil Fin. 11⅞ 90 | 125 | 94⅝ | 95⅛ | +0⅛ | −0⅛ | 13.06 |
| Canada 10⅞ 88 | 500 | 96⅞ | 97 | 0 | −0⅛ | 11.80 |
| CCCE 12⅛ 95 | 75 | 94⅜ | 95⅛ | −0⅛ | 0 | 13.60 |
| DNC 11¾ 91 WW | 50 | 93½ | 94 | 0 | −0⅛ | 13.17 |
| DNC 11¾ 91 XW | 50 | 92⅞ | 93⅜ | 0 | −0⅛ | 13.32 |
| Denmark Kgdm. 12 91 | 100 | 94⅛ | 94⅝ | −0⅛ | −0⅛ | 13.28 |
| Denmark Kgdm. 12⅛ 93 | 100 | 95½ | 96 | −0⅛ | −0⅛ | 13.02 |
| Digital Equip. 11⅝ 89 | 150 | 97 | 97½ | −0⅛ | 0 | 12.52 |
| Dutch Mines 11⅝ 91 | 150 | 93 | 93½ | 0 | 0 | 12.90 |
| EDC 11⅜ 89 | 150 | 94 | 94½ | −0⅛ | −0⅛ | 12.77 |
| EEC 12 93 | 50 | 96 | 96½ | −0⅛ | 0 | 12.66 |
| EIB 11⅜ 90 | 200 | 93 | 93½ | −0⅛ | +0⅛ | 13.04 |
| Ekspotfinans 11½ 90 | 100 | 92½ | 93 | −0⅛ | −0⅛ | 13.18 |
| Eurofima 12⅛ 91 | 100 | 97½ | 98 | 0 | +0⅛ | 13.01 |
| Gen. El Cr. 11 91 WW | 200 | 92⅛ | 92⅝ | 0 | +0⅛ | 12.69 |
| GMAC O/S Fin. 11⅛ 90 | 100 | 95⅛ | 95⅝ | 0 | 0 | 12.36 |
| Gulf & Western 12⅛ 89 | 100 | 98⅛ | 98⅝ | −0⅛ | +0⅛ | 12.57 |
| III 12 89 | 100 | 96⅞ | 97⅜ | −0⅛ | −0⅛ | 13.10 |
| Ind. Bk. Japan 11½ 89 | 125 | 95⅛ | 95⅝ | −0⅛ | −0⅛ | 12.81 |
| Ind. Bk. Japan 11⅞ 91 | 100 | 94⅞ | 95⅜ | −0⅛ | 0 | 12.89 |
| Int. Ppr. O/S Fin. 12 91 | 75 | 97⅜ | 98 | −0⅛ | +0⅛ | 12.49 |
| ITT Finan. 11⅛ 89 WW | 125 | 97⅛ | 97⅝ | +0⅛ | +0⅛ | 12.10 |
| LTCB 11⅞ 89 | 100 | 95⅛ | 95⅝ | −0⅛ | −0⅛ | 13.16 |
| LTCB 12⅛ 90 | 85 | 97⅞ | 98⅜ | −0⅛ | 0 | 12.96 |
| Macy O/S 11⅝ 91 | 100 | 95⅞ | 95⅜ | +0⅛ | +0⅛ | 12.78 |
| Mitsui Trust Fin. 12 91 | 100 | 94⅞ | 95⅜ | −0⅛ | 0 | 13.13 |
| Montreal City 12⅛ 91 | 70 | 98 | 98½ | +0⅛ | +0⅛ | 12.88 |
| Ned. Gasunie 11⅞ 91 | 75 | 93½ | 94 | 0 | 0 | 12.65 |
| Nippon Credit 11⅞ 90 | 100 | 94⅛ | 94⅝ | −0⅛ | +0⅛ | 13.13 |
| Nippon Tele. 11⅛ 90 | 100 | 95⅛ | 95⅝ | 0 | 0 | 12.35 |
| Nova Scotia Pr. 11⅞ 91 | 100 | 95⅛ | 95⅝ | −0⅛ | +0⅛ | 12.72 |
| Ontario Hydro 11⅞ 94 | 200 | 93⅛ | 93⅝ | −0⅛ | −0⅛ | 12.83 |
| PK Banken 12 90 WW | 75 | 94⅛ | 94⅝ | 0 | +0⅛ | 13.29 |
| Prudential 10⅝ 93 XW | 150 | 94½ | 95 | −0⅛ | −0⅛ | 12.96 |
| Quebec Hydro 11½ 92 | 100 | †94½ | 95 | +0⅛ | +0⅛ | 12.50 |
| Quebec Prov. 12⅛ 94 | 150 | 97⅞ | 98⅜ | −0⅛ | 0 | 12.62 |
| Royal Bk. Can. 11½ 89 | 100 | 94⅞ | 95⅜ | −0⅛ | −0⅛ | 12.83 |
| Rural & Ind. Bk. 12 91 | 50 | 95⅛ | 95⅝ | −0⅛ | +0⅛ | 13.04 |
| Sears O/S Fin. 11½ 88 | 125 | 98⅛ | 98⅝ | 0 | +0⅛ | 11.86 |
| Sears O/S Fin. 11⅝ 91 | 150 | 94⅛ | 94⅝ | 0 | +0⅛ | 12.83 |
| S. Pac. O/S FF. 11⅞ 89 | 75 | †93 | 93½ | 0 | −1 | 13.60 |
| Sec. Pac. O/S F. 12 92 | 100 | 95⅛ | 95⅝ | 0 | −0⅛ | 12.90 |
| SEK 11⅞ 89 | 100 | 93⅛ | 93⅝ | 0 | −0⅛ | 12.36 |
| Shearson/Amex 12⅛ 94 | 100 | 94 | 94½ | −0⅛ | −0⅛ | 13.18 |
| Sweden Kingdm. 12⅞ 89 | 200 | 97⅛ | 97⅝ | −0⅛ | +0⅛ | 13.12 |
| Texas Inst. Int. 11⅞ 91 | 150 | 94⅛ | 94⅝ | −0⅛ | −0⅛ | 13.15 |
| Tokai Asia 12⅛ 91 | 100 | 95⅛ | 96 | −0⅛ | −0⅛ | 13.21 |
| World Bank 11⅞ 90 | 200 | 92⅞ | 93⅜ | −0⅛ | +0⅛ | 12.84 |
| World Bank 11⅞ 89 | 200 | 96⅛ | 96⅝ | +0⅛ | +0⅛ | 12.62 |
| World Bank 12 93 | 200 | 95⅞ | 96⅜ | −0⅛ | −0⅛ | 12.70 |
| Yasuda T. & F. 12⅞ 89 | 100 | 96⅞ | 97⅜ | −0⅛ | +0⅛ | 13.19 |

Average price changes... On day −0⅛ on week 0

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Allied Chemical 7½ 94 | 125 | 99½ | 100 | 0 | −0⅛ | 7.53 |
| Amca Intl. 8⅛ 91 | 100 | 100⅛ | 100⅝ | +0⅛ | 0 | 8.15 |
| ANAS 8½ 91 | 150 | 101⅛ | 101⅝ | +0⅛ | +0⅛ | 8.21 |
| Austria, Republic 7⅝ 94 | 200 | 98⅛ | 98⅝ | 0 | +0⅛ | 7.84 |
| Barclays O/S 8⅛ 98 | 250 | 100⅛ | 101 | 0 | −0⅛ | 8.03 |
| Baxter Travenol 7⅛ 94 | 200 | 97⅛ | 98⅛ | +0⅛ | +0⅛ | 7.54 |
| Credit National 8⅛ 94 | 200 | 99½ | 100 | −0⅛ | −0⅛ | 8.16 |
| Degussa Int. Fin. 7½ 94 | 100 | 101½ | 102 | 0 | +0⅛ | 7.24 |
| EEC 8 92 | 200 | 99⅞ | 100⅜ | −0⅛ | −0⅛ | 7.97 |
| EIB 8 91 | 250 | 100⅛ | 100⅝ | +0⅛ | −0⅛ | 7.92 |
| Ferrovie Dello St. 8 91 | 100 | 99⅛ | 99⅝ | 0 | +0⅛ | 8.12 |
| Finland Rep. 7⅝ 91 | 150 | †97⅛ | 98⅛ | 0 | +0⅛ | 7.79 |
| Int. Standard Ele. 7⅛ 90 | 100 | 101⅞ | 102⅜ | +0⅛ | +0⅛ | 6.95 |
| Megal Fin. 8⅛ 94 | 150 | 99⅛ | 100⅛ | −0⅛ | 0 | 8.24 |
| Mitsbshi. H. 3½ 89 WW | 300 | 102⅛ | 103⅛ | +0⅛ | 0 | 2.87 |
| Mitsbshi. H. 3½ 89 XW | 300 | 84⅛ | 85⅛ | +0⅛ | −0⅛ | 7.26 |
| Nippon Flr. 3½ 89 WW | 30 | 94⅛ | 95⅛ | +0⅛ | −0⅛ | 4.66 |
| Nippon Flour 3½ 89 XW | 30 | 82⅛ | 83⅛ | +0⅛ | −0⅛ | 7.75 |
| OKB 7½ 88 | 100 | 99⅛ | 100⅛ | 0 | +0⅛ | 7.48 |
| Pepsico O/S Fin. 7⅛ 94 | 250 | 98 | 98½ | −0⅛ | −0⅛ | 7.35 |
| Reynolds O/S F. 7⅝ 94 | 125 | 100⅛ | 101⅛ | −0⅛ | −0⅛ | 7.25 |
| Sth. Africa Rep. 8½ 91 | 200 | 100⅛ | 101⅛ | 0 | −0⅛ | 8.30 |
| SNCF 8⅛ 93 | 100 | 100⅛ | 101 | 0 | +0⅛ | 8.00 |
| World Bank 7⅝ 89 | 100 | 101⅛ | 101⅝ | +0⅛ | +0⅛ | 7.38 |
| World Bank 8 93 | 300 | 100⅛ | 100⅝ | +0⅛ | 0 | 7.93 |
| World Bank 8 94 | 200 | 99⅞ | 100⅛ | +0⅛ | 0 | 7.97 |

Average price change... On day +0⅛ on week 0

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev. Bank 6 94 | 100 | †100⅛ | 101 | −0⅛ | +0⅛ | 5.88 |
| Australia Comm. 5⅛ 95 | 80 | †99⅛ | 99⅝ | −0⅛ | −0⅛ | 5.20 |
| Austria Republic 5½ 94 | 150 | †99⅛ | 99⅝ | +0⅛ | −0⅛ | 5.52 |
| Cofiroute 7 94 | 80 | †102⅛ | 102⅛ | 0 | −0⅛ | 6.62 |
| EIB 6⅛ 96 | 125 | †101⅛ | 101⅛ | +0⅛ | 0 | 6.58 |
| Elec. Power Dev. 5⅝ 93 | 100 | †100⅛ | 101 | −0⅛ | 0 | 5.50 |
| Finland Republic 5⅛ 94 | 100 | †99⅛ | 99⅝ | −0⅛ | −0⅛ | 5.80 |
| Int.-Am. Dev. Bk. 6 93 | 100 | †100⅛ | 101 | 0 | 0 | 5.87 |
| Ireland 6½ 93 | 80 | †101⅛ | 102 | −0⅛ | −0⅛ | 6.23 |
| Japan Dev. Bank 5⅛ 94 | 100 | †100⅛ | 100⅛ | −0½ | −1 | 5.45 |
| Japan Fin. Corp. 5⅛ 94 | 100 | †99⅛ | 99⅝ | −0⅛ | 0 | 6.55 |
| Jap. Highway P. 5⅝ 91 | 100 | †101 | 101⅛ | −1 | −1 | 5.43 |
| Kyushu Ele. Pwr. 5⅝ 92 | 100 | †101 | 101⅛ | −0⅛ | −0⅛ | 5.44 |
| Mont Blanc Tunl. 6⅛ 93 | 35 | †102⅛ | 103 | +0⅛ | +0⅛ | 5.98 |
| Nat. Aust. Bk. 5⅛ 94 | 100 | †99⅛ | 99⅛ | 0 | 0 | 5.67 |
| Newscorp 6⅛ 94 | 175 | †101⅛ | 101⅛ | 0 | −0⅛ | 6.02 |
| Nippon Express 6⅛ 94 | 100 | †99⅛ | 100 | +0⅛ | +0⅛ | 5.89 |
| Nippon Tel. & T. 5⅛ 93 | 100 | †102⅛ | 102⅛ | −0⅛ | 0 | 5.39 |
| Nip. Yusen K. K. 5⅛ 92 | 100 | †99⅛ | 100 | +0⅛ | −0⅛ | 5.77 |
| OKB 5⅛ 92 | 100 | †101⅛ | 102 | 0 | +0⅛ | 5.45 |
| Quebec Province 5⅛ 93 | 100 | †101⅛ | 101⅛ | 0 | 0 | 5.40 |
| Shikoku Elec. Pwr. 6 91 | 100 | †101⅛ | 102 | +0⅛ | +0⅛ | 5.68 |
| Soc. Lux. Cnt. 5⅛ 93 | 100 | †100⅛ | 100⅛ | 0 | 0 | 5.66 |
| Tohoku El. Pwr. 5⅛ 92 | 100 | †100⅛ | 100⅛ | +0⅛ | 0 | 5.64 |
| World Bank 5⅛ 94 | 200 | †99⅛ | 99⅛ | 0 | +0⅛ | 5.83 |

Average price changes... On day 0 on week −0⅛

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev. Bk. 7⅛ 94 | 15 | 99⅛ | 99⅝ | −0⅛ | −0⅛ | 7.46 |
| Eurofima 7⅛ 94 | 10 | 99⅛ | 99⅝ | −0⅛ | −0⅛ | 7.44 |
| Int.-Am. Dv. Bk. 7⅞ 93 | 15 | 101⅛ | 101⅝ | −0⅛ | −0⅛ | 7.64 |
| New Zealand 7⅛ 89 | 15 | 102⅛ | 102⅝ | −0⅛ | −0⅛ | 7.01 |
| World Bank 7⅛ 93 | 20 | 100⅛ | 101⅛ | −0⅛ | −0⅛ | 7.45 |

Average price changes... On day −0⅛ on week −0⅛

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Br Col. Hyd. 12 93 C$ | 125 | 94½ | 95 | −0⅛ | −0⅛ | 12.95 |
| Br. Col. Tel. 12⅛ 88 C$ | 70 | 95½ | 96 | 0 | −0⅛ | 12.89 |
| Canadn. Oc. 12⅛ 88 C$ | 60 | †95⅛ | 95⅛ | −0⅛ | −1 | 13.06 |
| EIB 12⅛ 91 C$ | 60 | †96⅞ | 97⅛ | 0 | +0⅛ | 12.70 |
| Loblaw 12⅛ 90 C$ | 36 | †95 | 95⅛ | −0½ | −0⅛ | 13.59 |
| Montreal City 12 90 C$ | 50 | †97⅛ | 97⅛ | 0 | +0⅛ | 12.51 |
| World Bank 12⅛ 90 C$ | 75 | †97⅛ | 98⅛ | +0⅛ | −0⅛ | 12.66 |
| EIB 11⅛ 96 ECU | 50 | 100 | 101 | 0 | +1⅛ | 11.15 |
| Royal B Cn 10⅛ 89 ECU | 85 | 98⅛ | 99⅛ | +0⅛ | −0⅛ | 10.86 |
| Amro Bank 8 88 Fl | 200 | 99 | 99½ | 0 | −0⅛ | 8.18 |
| Amro Bank 8⅛ 88 Fl | 100 | 102⅛ | 103⅛ | −0⅛ | −0⅛ | 7.94 |
| Bk. Mees & H. 8⅛ 88 Fl | 100 | 99⅛ | 99⅞ | +0⅛ | 0 | 8.34 |
| Int. Stand. El. 8½ 89 Fl | 100 | 101⅛ | 101⅞ | 0 | −0⅛ | 8.08 |
| PHP 8⅛ 89 Fl | 75 | 99⅛ | 100⅛ | 0 | 0 | 8.21 |
| Rabobank 9 88 Fl | 100 | 102⅛ | 103⅛ | 0 | −0½ | 8.08 |
| OKB 14 86 FFr | 400 | 100⅛ | 101⅛ | −0⅛ | 0 | 13.01 |
| Solvay et C. 14⅛ 86 FFr | 200 | 101⅛ | 102⅛ | 0 | 0 | 13.41 |
| BFCE 11⅛ 88 £ | 50 | 100⅛ | 100⅛ | −0⅛ | −0⅛ | 11.29 |
| Ciba-Geigy Int. 6⅛ 93 £ | 25 | 98⅛ | 101 | 0 | 0 | 6.71 |
| Commerzbank 11½ 90 £ | 25 | 100⅛ | 101 | +0⅛ | +0⅛ | 11.30 |
| Denmark 10⅛ 89 £ | 75 | 96⅛ | 97⅛ | −0⅛ | 0 | 11.57 |
| EEC 11⅛ 94 £ | 50 | 98 | 98½ | −0⅛ | −0⅛ | 11.86 |
| EEC 11⅞ 93 £ | 50 | 100 | 100½ | −0⅛ | −0⅛ | 11.80 |
| EIB 10⅛ 92 £ | 50 | 95 | 95½ | −0⅛ | 0 | 11.69 |
| Finland Rep. 11⅞ 88 £ | 50 | 101⅛ | 102⅛ | −0⅛ | 0 | 11.19 |
| Forsmarks 10⅛ 99 £ | 40 | 96⅛ | 96⅛ | 0 | +0⅛ | 11.09 |
| IBJ 11⅛ 95 £ | 30 | 98⅛ | 98⅛ | 0 | 0 | 11.74 |
| III 10⅛ 93 £ | 25 | 95⅛ | 96 | +0⅛ | −0⅛ | 11.51 |
| Int. Stand. El. 11⅛ 89 £ | 50 | 99⅛ | 100⅛ | 0 | +0⅛ | 11.13 |
| SNCF 11⅛ 94 £ | 80 | 96⅛ | 96⅛ | +0⅛ | −0⅛ | 11.93 |
| World Bank 10⅛ 89 £ | 100 | 97⅛ | 98⅛ | 0 | +0⅛ | 11.20 |
| World Bank 11⅛ 88 £ | 100 | 99⅛ | 100⅛ | −0⅛ | 0 | 11.06 |
| Electrolux 10 89 LuxFr | 500 | 97⅛ | 98⅛ | +0⅛ | −0⅛ | 10.43 |
| Europarat 10⅛ 93 LuxFr | 600 | 99⅛ | 100⅛ | 0 | +0⅛ | 10.73 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| Arab Banking 5⅛ 96 | 0⅛ | †98⅛ | 98⅛ | 15/9 | 10.81 | 10.98 |
| BBL Int. 5 98 | 0⅛ | 98⅛ | 98⅛ | 11/10 | 11.19 | 11.23 |
| Banca Naz Lavor 5⅛ 91 | 0⅛ | 98⅞ | 99⅛ | 26/10 | 11.44 | 11.55 |
| Banque Indosuez 5⅛ 99 | 0⅛ | 99 | 99⅛ | 21/9 | 11.06 | 11.16 |
| Barclays O/S I. 5 2004 | 0⅛ | 98⅛ | 98⅛ | 2/9 | 10.56 | 10.72 |
| BFG Fin. 5⅛ 96 | 0⅛ | 99 | 99⅛ | 1/6 | 10⅛ | 10.47 |
| Commerzbk. 5⅛ 89 XW | 0 | 99⅛ | 99⅛ | 21/5 | 10 | 10.06 |
| Creditanstalt Bk. 5 96 | 0⅛ | 98 | 98⅛ | 23/8 | 10⅛ | 10.70 |
| Dresdner Fin. 5⅛ 89 | 0 | 99⅛ | 99⅛ | 23/5 | 10⅛ | 10.31 |
| EDF 5⅛ 99 | 0⅛ | 98⅛ | 98⅛ | 23/8 | 10.56 | 10.72 |
| EEC 5 90 | 0⅛ | 99⅛ | 99⅞ | 5/7 | 10⅛ | 10.40 |
| Ferrovie Stato. 5⅛ 99 | 0⅛ | 98⅛ | 98⅛ | 31/9 | 10.69 | 10.82 |
| Grindlays Euro. 5⅛ 94 | 0⅛ | 99⅛ | 99⅛ | 1/8 | 10⅛ | 10.22 |
| Lloyds Euro. 5 2004 | §0⅛ | 98⅛ | 98⅛ | 18/10 | 11.31 | 11.48 |
| Midland Int. Fin. 5 99 | §0⅛ | 98⅛ | 98⅛ | 5/9 | 10.56 | 10.71 |
| Mitsui Finance 5⅛ 96 | 0⅛ | 98⅞ | 99⅛ | 1/9 | 10.56 | 10.67 |
| Mort Bk Danmark 5⅛ 99 | †0⅛ | 99⅛ | 99⅛ | 11/8 | 11 | 11.04 |
| Neste Oy 5⅛ 94 | 0⅛ | 99 | 99⅛ | 22/8 | 10.56 | 10.66 |
| Qatar Land 5⅛ 99 | §0⅛ | 98⅛ | 98⅛ | 11/10 | 11.19 | 11.34 |
| Quebec Hydro 5⅛ 94 | 0⅛ | 99⅛ | 99⅛ | 19/7 | 10⅛ | 10.19 |
| Societe Gen. 5⅛ 94 | 0⅛ | 99 | 99⅛ | 15/9 | 10.18 | 10.27 |
| Spain 5⅛ 97 | 0⅛ | 98⅛ | 98⅛ | 22/8 | 10.56 | 10.76 |
| Sumitomo 5⅛ 94 | §0⅛ | 98⅛ | 99 | 9/8 | 10⅛ | 10.24 |
| Sweden Kgdm. 5⅛ 2024 | 0⅛ | †97⅛ | 98⅛ | 22/8 | 11.19 | 11.42 |
| Takugin 5⅛ 94 | §0⅛ | 98⅛ | 99⅛ | 15/8 | 10⅛ | 10.86 |

Average price changes... On day 0 on week 0

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| BBC Bwn. Boveri 4⅛ 95 | 2/84 | 108 | †98⅛ | 100⅛ | 0 | −0.84 |
| Daiwa Sec. Co. 5⅛ 98 | 10/83 | 481.8 | †131⅛ | 133 | −1 | −4.03 |
| Fanuc 3⅛ 98 | 1/84 | 9142 | 143⅛ | 144⅛ | +0⅛ | 32.77 |
| Fujitsu 3 99 | 5/84 | 1320 | 106⅛ | 107⅛ | −0⅛ | 4.89 |
| Hitachi Cable 5⅛ 96 | 2/82 | 516 | 153⅛ | 154⅛ | +0⅛ | −2.63 |
| Honda Motor 5⅛ 98 | 6/83 | 884 | 132⅛ | 133⅛ | +0⅛ | 1.07 |
| Konishiroku Ph. 4 98 | 10/83 | 673 | 102 | 103 | +0⅛ | 4.79 |
| Kyowa Hakko 5⅛ 97 | 2/83 | 762 | 131⅛ | 133 | −0⅛ | 8.36 |
| Minebea Co. 5½ 98 | 5/83 | 687 | 116⅛ | 116⅛ | +0⅛ | −3.01 |
| Mitsubishi Elec. 8⅛ 98 | 6/83 | 396 | 115⅛ | 116⅛ | +0⅛ | 0.02 |
| Mitsubishi Heavy 4⅛ 99 | 1/84 | 253 | 107⅛ | 108⅛ | 0 | −0.62 |
| Murata 3⅛ 99 | 2/84 | 2939 | 129⅛ | 130⅛ | −1⅛ | 28.20 |
| Nippon Oil Co. 3⅛ 99 | 3/84 | 1052 | 117⅛ | 118⅛ | +0⅛ | 1.97 |
| Nippon Oil Co. 3⅛ 98 | 4/83 | 984 | 129⅛ | 130⅛ | +0⅛ | 0.85 |
| Nissan Motor 5⅛ 98 | 4/83 | 700 | 109⅛ | 110⅛ | −0⅛ | 8.88 |
| Olympus Optic. 8⅛ 97 | 12/82 | 1157 | 102⅛ | 104⅛ | +0⅛ | 14.33 |
| Ono Pharm. Co. 3⅛ 98 | 3/84 | 5480 | 162⅛ | 164⅛ | +7⅛ | 7.64 |
| Orient Leasing 5⅛ 98 | 6/83 | 2680 | 145⅛ | 146⅛ | +1⅛ | −5.59 |
| Secom 5 98 | 11/83 | 2920 | 205⅛ | 207⅛ | +2⅛ | 4.33 |
| Yamaichi Sec. Co. 5 98 | 8/83 | 449.5 | 129⅛ | 131 | −2 | −4.80 |
| Yamanouchi Ph. 4 90 | 10/83 | 1808 | 101⅛ | 102⅛ | −0⅛ | 22.80 |
| Nippon Air. 2⅛ 94 SwFr | 2/84 | 354 | †101⅛ | 101⅛ | +0⅛ | −1.48 |
| Nippon Shin. 2 92 SwFr | 3/84 | 801 | †100 | 102 | −0⅛ | 20.89 |
| Settsu Ppr. 2⅛ 92 SwFr | 4/84 | 877 | †114⅛ | 116⅛ | −0⅛ | −2.24 |
| Asics 5 92 DM | 12/83 | 520 | 108⅛ | 109⅛ | −0⅛ | 20.52 |
| Sum Realty 6⅛ 92 DM | 2/83 | 365 | 184⅛ | 185⅛ | −0⅛ | −2.16 |



**EUROBOND TURNOVER**
(nominal value in $m)

| | Cedel | Euro-clear |
|---|---|---|
| **U.S. $ bonds** | | |
| Last week ... | 5,230.1 | 11,554.9 |
| Previous week | 9,860.0 | 12,135.3 |
| **Other bonds** | | |
| Last week ... | 1,137.1 | 914.0 |
| Previous week | 1,716.0 | 1,841.8 |

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bank of Tokyo International; Blyth, Eastman, Paine, Webber International; Chase Manhattan; Citicorp International Bank; Credit Commercial de France (Securities) London; Daiwa Europe NV; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nomura International; Orion Royal Bank; Robert Fleming and Co.; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Swiss Bank Corporation International; Wood Gundy.

Closing prices on April 27

# NOTICE OF REDEMPTION

## to Holders of

# JUGOBANKA UNITED BANK

## Floating Rate Notes 1989

NOTICE IS HEREBY GIVEN by Barclays Bank PLC, as Fiscal Agent for the Jugobanka United Bank in respect of the Notes and Coupons, that in satisfaction of the obligations imposed by Condition 6 (a) of the Terms and Conditions applicable to the Notes, the Notes of US$10,000 prefix "A" and Notes of US$1,000 prefix "B" each bearing the serial numbers listed below have been drawn in manner approved by the Fiscal Agent for redemption on 30th May 1984 at their principal amount.

### Notes of US$10,000 each:

| | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A28 | A49 | A83 | A87 | A88 | A91 | A108 | A115 | A116 | A125 | A144 | A146 | A153 | A177 | A197 | A211 | A229 | A238 | A244 | A251 | A271 | A274 | A275 | A284 | A297 |
| A349 | A353 | A359 | A369 | A384 | A392 | A409 | A415 | A416 | A441 | A442 | A443 | A452 | A458 | A463 | A464 | A474 | A480 | A488 | A498 | A507 | A509 | A518 | A544 | A548 |
| A561 | A562 | A604 | A609 | A613 | A619 | A626 | A627 | A632 | A648 | A660 | A667 | A675 | A676 | A683 | A689 | A698 | A704 | A711 | A712 | A729 | A733 | A735 | A736 | A764 |
| A777 | A786 | A787 | A790 | A794 | A821 | A832 | A843 | A891 | A917 | A923 | A935 | A946 | A965 | A976 | A977 | A978 | A990 | A994 | A997 | A1007 | A1014 | A1018 | A1042 | A1069 |
| A1070 | A1087 | A1093 | A1120 | A1122 | A1138 | A1143 | A1155 | A1157 | A1165 | A1171 | A1178 | A1184 | A1196 | A1205 | A1207 | A1218 | A1219 | A1223 | A1226 | A1227 | A1229 | A1234 | A1246 | A1252 |
| A1264 | A1279 | A1281 | A1287 | A1310 | A1323 | A1326 | A1327 | A1336 | A1344 | A1349 | A1362 | A1378 | A1379 | A1386 | A1400 | A1409 | A1410 | A1451 | A1487 | A1504 | A1524 | A1529 | A1544 | A1545 |
| A1553 | A1557 | A1559 | A1560 | A1589 | A1600 | A1606 | A1614 | A1617 | A1629 | A1661 | A1668 | A1685 | A1690 | A1701 | A1703 | A1709 | A1725 | A1743 | A1745 | A1746 | A1764 | A1771 | A1786 | A1790 |
| A1791 | A1797 | A1806 | A1812 | A1826 | A1829 | A1837 | A1854 | A1863 | A1868 | A1881 | A1892 | A1895 | A1905 | A1943 | A1948 | A1955 | A1961 | A1971 | A1973 | A1977 | A2005 | A2022 | A2033 | A2036 |
| A2060 | A2062 | A2078 | A2081 | A2093 | A2107 | A2124 | A2127 | A2135 | A2160 | A2163 | A2202 | A2207 | A2221 | A2225 | A2231 | A2246 | A2248 | A2259 | A2260 | A2261 | A2266 | A2275 | A2276 | A2285 |
| A2310 | A2311 | A2323 | A2324 | A2332 | A2335 | A2347 | A2363 | A2365 | A2375 | A2388 | A2393 | A2398 | A2400 | A2417 | A2418 | A2435 | A2439 | A2443 | A2454 | A2460 | A2470 | A2479 | A2482 | A2493 |

### Notes of US$1,000 each:

| | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| B4 | B5 | B12 | B21 | B30 | B31 | B38 | B45 | B55 | B86 | B89 | B95 | B117 | B125 | B126 | B134 | B141 | B148 | B161 | B164 | B196 | B203 | B218 | B225 | B236 |
| B230 | B248 | B253 | B260 | B295 | B314 | B323 | B324 | B332 | B336 | B348 | B360 | B365 | B371 | B374 | B379 | B395 | B407 | B410 | B419 | B434 | B449 | B455 | B471 | B477 |
| B495 | B536 | B554 | B561 | B566 | B573 | B599 | B614 | B618 | B619 | B643 | B661 | B662 | B665 | B668 | B678 | B708 | B723 | B731 | B732 | B748 | B759 | B777 | B786 | B790 |
| B816 | B820 | B822 | B851 | B863 | B865 | B868 | B904 | B915 | B923 | B935 | B939 | B956 | B966 | B967 | B974 | B991 | B998 | B1001 | B1012 | B1018 | B1022 | B1024 | B1028 | B1032 |
| B1034 | B1037 | B1039 | B1044 | B1045 | B1056 | B1058 | B1063 | B1070 | B1079 | B1083 | B1092 | B1094 | B1109 | B1110 | B1129 | B1130 | B1148 | B1158 | B1162 | B1182 | B1193 | B1195 | B1196 | B1200 |
| B1213 | B1219 | B1238 | B1254 | B1256 | B1268 | B1287 | B1304 | B1306 | B1317 | B1373 | B1385 | B1388 | B1391 | B1410 | B1418 | B1426 | B1436 | B1456 | B1460 | B1481 | B1536 | B1542 | B1583 | B1590 |
| B1600 | B1602 | B1605 | B1608 | B1625 | B1641 | B1642 | B1643 | B1650 | B1661 | B1662 | B1666 | B1669 | B1673 | B1687 | B1697 | B1714 | B1720 | B1730 | B1742 | B1751 | B1763 | B1765 | B1769 | B1771 |
| B1774 | B1798 | B1801 | B1846 | B1868 | B1892 | B1903 | B1904 | B1916 | B1919 | B1920 | B1938 | B1946 | B1947 | B1959 | B1966 | B1983 | B1984 | B1985 | B2020 | B2021 | B2028 | B2051 | B2057 | B2072 |
| B2087 | B2102 | B2103 | B2108 | B2118 | B2125 | B2130 | B2150 | B2156 | B2164 | B2203 | B2212 | B2214 | B2215 | B2238 | B2239 | B2241 | B2249 | B2257 | B2278 | B2280 | B2284 | B2327 | B2331 | B2352 |
| B2358 | B2361 | B2376 | B2379 | B2380 | B2384 | B2390 | B2397 | B2406 | B2421 | B2428 | B2431 | B2446 | B2447 | B2466 | B2483 | B2493 | B2521 | B2530 | B2537 | B2547 | B2561 | B2563 | B2579 | B2583 |
| B2584 | B2592 | B2601 | B2632 | B2633 | B2635 | B2656 | B2663 | B2670 | B2683 | B2696 | B2711 | B2713 | B2718 | B2730 | B2741 | B2750 | B2771 | B2778 | B2787 | B2813 | B2829 | B2833 | B2834 | B2836 |
| B2849 | B2873 | B2879 | B2883 | B2894 | B2913 | B2914 | B2923 | B2927 | B2929 | B2935 | B2946 | B2954 | B2958 | B2961 | B2969 | B2980 | B2985 | B2995 | B2998 | B3003 | B3020 | B3048 | B3060 | B3062 |
| B3064 | B3072 | B3073 | B3084 | B3103 | B3112 | B3118 | B3120 | B3133 | B3140 | B3170 | B3175 | B3178 | B3184 | B3198 | B3211 | B3223 | B3239 | B3247 | B3270 | B3285 | B3286 | B3288 | B3298 | B3299 |
| B3315 | B3345 | B3374 | B3405 | B3409 | B3427 | B3433 | B3435 | B3471 | B3476 | B3484 | B3496 | B3506 | B3513 | B3541 | B3548 | B3549 | B3556 | B3568 | B3572 | B3574 | B3585 | B3591 | B3599 | B3608 |
| B3611 | B3622 | B3624 | B3630 | B3632 | B3645 | B3649 | B3652 | B3664 | B3669 | B3681 | B3682 | B3683 | B3684 | B3708 | B3734 | B3741 | B3746 | B3748 | B3752 | B3765 | B3794 | B3800 | B3807 | B3814 |
| B3824 | B3835 | B3840 | B3858 | B3859 | B3882 | B3884 | B3899 | B3929 | B3972 | B4040 | B4051 | B4065 | B4085 | B4089 | B4108 | B4118 | B4121 | B4142 | B4146 | B4153 | B4160 | B4179 | B4199 | B4202 |
| B4211 | B4226 | B4236 | B4249 | B4260 | B4310 | B4314 | B4316 | B4319 | B4335 | B4353 | B4355 | B4372 | B4373 | B4384 | B4403 | B4406 | B4419 | B4493 | B4495 | B4501 | B4503 | B4505 | B4519 | B4530 |
| B4538 | B4557 | B4592 | B4599 | B4603 | B4607 | B4629 | B4653 | B4659 | B4671 | B4675 | B4677 | B4678 | B4697 | B4706 | B4713 | B4744 | B4746 | B4770 | B4778 | B4791 | B4795 | B4807 | B4824 | B4846 |
| B4847 | B4852 | B4866 | B4869 | B4879 | B4882 | B4899 | B4901 | B4906 | B4926 | B4935 | B4949 | B4963 | B4970 | B4982 | B5017 | B5020 | B5028 | B5043 | B5054 | B5065 | B5081 | B5087 | B5089 | B5094 |
| B5101 | B5114 | B5116 | B5124 | B5134 | B5143 | B5160 | B5194 | B5209 | B5229 | B5251 | B5264 | B5266 | B5268 | B5274 | B5283 | B5288 | B5295 | B5360 | B5361 | B5379 | B5382 | B5385 | B5398 | B5410 |
| B5411 | B5415 | B5419 | B5427 | B5431 | B5437 | B5443 | B5447 | B5464 | B5480 | B5481 | B5493 | B5500 | B5506 | B5515 | B5524 | B5531 | B5537 | B5540 | B5571 | B5575 | B5585 | B5599 | B5612 | B5644 |
| B5649 | B5655 | B5686 | B5709 | B5722 | B5724 | B5730 | B5741 | B5748 | B5756 | B5762 | B5768 | B5772 | B5773 | B5776 | B5781 | B5799 | B5802 | B5804 | B5810 | B5813 | B5817 | B5828 | B5846 | B5849 |
| B5853 | B5893 | B5906 | B5922 | B5929 | B5933 | B5937 | B5939 | B5940 | B5943 | B5947 | B5951 | B5968 | B5984 | B5986 | B5989 | B6060 | B6070 | B6075 | B6076 | B6089 | B6095 | B6104 | B6109 | B6116 |
| B6118 | B6123 | B6124 | B6139 | B6143 | B6147 | B6183 | B6194 | B6206 | B6215 | B6216 | B6234 | B6236 | B6260 | B6262 | B6278 | B6317 | B6333 | B6342 | B6359 | B6370 | B6375 | B6378 | B6386 | B6387 |
| B6391 | B6403 | B6414 | B6421 | B6425 | B6429 | B6432 | B6443 | B6444 | B6446 | B6472 | B6479 | B6495 | B6537 | B6541 | B6564 | B6590 | B6592 | B6603 | B6612 | B6624 | B6631 | B6636 | B6641 | B6642 |
| B6650 | B6670 | B6672 | B6683 | B6685 | B6697 | B6701 | B6707 | B6744 | B6751 | B6758 | B6768 | B6776 | B6790 | B6791 | B6807 | B6811 | B6828 | B6829 | B6834 | B6841 | B6849 | B6865 | B6870 | B6875 |
| B6879 | B6903 | B6907 | B6910 | B6936 | B6943 | B6945 | B6946 | B6952 | B6963 | B6968 | B6975 | B6986 | B6988 | B7039 | B7058 | B7064 | B7078 | B7083 | B7093 | B7108 | B7109 | B7116 | B7122 | B7124 |
| B7125 | B7126 | B7152 | B7164 | B7191 | B7203 | B7223 | B7226 | B7231 | B7243 | B7256 | B7266 | B7287 | B7298 | B7302 | B7307 | B7315 | B7340 | B7342 | B7349 | B7358 | B7402 | B7405 | B7419 | B7421 |
| B7426 | B7428 | B7438 | B7446 | B7447 | B7449 | B7462 | B7467 | B7474 | B7481 | B7482 | B7505 | B7511 | B7533 | B7569 | B7573 | B7607 | B7612 | B7617 | B7619 | B7620 | B7632 | B7675 | B7684 | B7686 |
| B7710 | B7729 | B7731 | B7740 | B7766 | B7769 | B7785 | B7808 | B7811 | B7821 | B7827 | B7832 | B7833 | B7843 | B7848 | B7854 | B7855 | B7866 | B7880 | B7900 | B7910 | B7920 | B7921 | B7929 | B7930 |
| B7933 | B7935 | B7968 | B7972 | B7988 | B7991 | B8000 | B8006 | B8010 | B8020 | B8053 | B8062 | B8121 | B8124 | B8129 | B8131 | B8144 | B8158 | B8176 | B8192 | B8194 | B8199 | B8228 | B8250 | B8251 |
| B8254 | B8280 | B8287 | B8323 | B8336 | B8339 | B8355 | B8374 | B8377 | B8379 | B8385 | B8431 | B8438 | B8439 | B8441 | B8463 | B8470 | B8476 | B8479 | B8484 | B8488 | B8505 | B8507 | B8511 | B8516 |
| B8521 | B8535 | B8543 | B8550 | B8555 | B8560 | B8585 | B8590 | B8597 | B8600 | B8613 | B8627 | B8629 | B8634 | B8647 | B8662 | B8669 | B8674 | B8686 | B8701 | B8705 | B8712 | B8717 | B8720 | B8724 |
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| B9019 | B9042 | B9063 | B9081 | B9085 | B9087 | B9105 | B9133 | B9143 | B9169 | B9170 | B9183 | B9185 | B9193 | B9202 | B9232 | B9236 | B9241 | B9270 | B9278 | B9286 | B9304 | B9305 | B9326 | B9327 |
| B9346 | B9348 | B9355 | B9376 | B9380 | B9383 | B9426 | B9428 | B9433 | B9438 | B9443 | B9457 | B9474 | B9480 | B9481 | B9495 | B9496 | B9503 | B9508 | B9511 | B9512 | B9529 | B9534 | B9535 | B9547 |
| B9565 | B9573 | B9590 | B9595 | B9596 | B9609 | B9613 | B9615 | B9617 | B9618 | B9642 | B9658 | B9663 | B9666 | B9671 | B9674 | B9690 | B9702 | B9707 | B9712 | B9721 | B9727 | B9772 | B9773 | B9777 |
| B9790 | B9816 | B9819 | B9821 | B9822 | B9825 | B9827 | B9830 | B9838 | B9877 | B9885 | B9893 | B9904 | B9911 | B9932 | B9934 | B9947 | B9950 | B9962 | B9963 | B9999 | B10008 | B10013 | B10017 | B10028 |
| B10049 | B10069 | B10074 | B10080 | B10090 | B10101 | B10106 | B10115 | B10122 | B10138 | B10147 | B10149 | B10150 | B10155 | B10156 | B10158 | B10160 | B10169 | B10181 | B10188 | B10190 | B10198 | B10200 | B10202 | B10207 |
| B10219 | B10222 | B10247 | B10259 | B10277 | B10280 | B10315 | B10324 | B10330 | B10334 | B10338 | B10355 | B10363 | B10374 | B10395 | B10406 | B10422 | B10430 | B10431 | B10439 | B10440 | B10459 | B10473 | B10478 | B10482 |
| B10493 | B10496 | B10498 | B10504 | B10511 | B10513 | B10519 | B10536 | B10541 | B10571 | B10579 | B10583 | B10601 | B10603 | B10604 | B10606 | B10607 | B10620 | B10642 | B10655 | B10661 | B10678 | B10686 | B10687 | B10703 |
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| B10912 | B10914 | B10919 | B10931 | B10941 | B10943 | B10952 | B10969 | B10978 | B10999 | B11000 | B11009 | B11017 | B11030 | B11050 | B11068 | B11085 | B11098 | B11123 | B11130 | B11147 | B11151 | B11156 | B11161 | B11172 |
| B11173 | B11184 | B11187 | B11225 | B11240 | B11247 | B11250 | B11256 | B11264 | B11282 | B11290 | B11302 | B11334 | B11347 | B11361 | B11364 | B11367 | B11369 | B11377 | B11392 | B11402 | B11413 | B11417 | B11419 | B11422 |
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| B11730 | B11734 | B11743 | B11744 | B11747 | B11752 | B11759 | B11764 | B11768 | B11770 | B11802 | B11810 | B11816 | B11824 | B11825 | B11832 | B11837 | B11844 | B11851 | B11868 | B11872 | B11878 | B11924 | B11931 | B11949 |
| B11955 | B11989 | B11990 | B11992 | B12013 | B12035 | B12046 | B12067 | B12068 | B12075 | B12079 | B12096 | B12099 | B12108 | B12122 | B12125 | B12128 | B12133 | B12145 | B12159 | B12163 | B12164 | B12167 | B12174 | B12182 |
| B12192 | B12195 | B12199 | B12200 | B12217 | B12219 | B12230 | B12258 | B12274 | B12287 | B12295 | B12296 | B12302 | B12309 | B12334 | B12373 | B12377 | B12381 | B12387 | B12395 | B12399 | B12400 | B12413 | B12419 | B12421 |
| B12424 | B12430 | B12435 | B12455 | B12460 | B12464 | B12469 | B12471 | B12475 | B12482 | B12484 | B12495 | B12499 | B12504 | B12506 | B12516 | B12559 | B12568 | B12573 | B12575 | B12577 | B12591 | B12596 | B12605 | B12626 |
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| B13149 | B13150 | B13151 | B13159 | B13163 | B13165 | B13171 | B13173 | B13175 | B13177 | B13182 | B13184 | B13197 | B13208 | B13215 | B13217 | B13232 | B13237 | B13238 | B13241 | B13245 | B13249 | B13252 | B13255 | B13260 |
| B13269 | B13273 | B13281 | B13326 | B13330 | B13332 | B13334 | B13353 | B13356 | B13362 | B13376 | B13388 | B13394 | B13405 | B13416 | B13433 | B13461 | B13464 | B13470 | B13474 | B13479 | B13487 | B13505 | B13509 | B13516 |
| B13520 | B13521 | B13529 | B13531 | B13533 | B13535 | B13544 | B13553 | B13596 | B13617 | B13620 | B13625 | B13628 | B13632 | B13633 | B13635 | B13637 | B13645 | B13691 | B13694 | B13704 | B13736 | B13745 | B13761 | B13777 |
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| B14091 | B14094 | B14102 | B14104 | B14134 | B14136 | B14140 | B14153 | B14165 | B14182 | B14198 | B14201 | B14227 | B14234 | B14242 | B14275 | B14278 | B14282 | B14284 | B14307 | B14321 | B14335 | B14342 | B14345 | B14348 |
| B14351 | B14357 | B14383 | B14394 | B14405 | B14425 | B14427 | B14432 | B14437 | B14439 | B14459 | B14480 | B14481 | B14492 | B14497 | B14498 | B14500 | B14509 | B14515 | B14522 | B14527 | B14528 | B14554 | B14559 | B14569 |
| B14572 | B14579 | B14620 | B14624 | B14627 | B14650 | B14653 | B14656 | B14666 | B14707 | B14728 | B14730 | B14732 | B14734 | B14737 | B14742 | B14750 | B14762 | B14767 | B14768 | B14773 | B14787 | B14792 | B14821 | B14822 |
| B14830 | B14853 | B14860 | B14862 | B14880 | B14882 | B14884 | B14904 | B14911 | B14916 | B14932 | B14934 | B14937 | B14942 | B14945 | B14946 | B14987 | B15014 | B15035 | B15049 | B15055 | B15072 | B15080 | B15093 | B15104 |
| B15127 | B15136 | B15170 | B15171 | B15180 | B15187 | B15188 | B15190 | B15209 | B15215 | B15219 | B15236 | B15240 | B15246 | B15251 | B15259 | B15261 | B15271 | B15278 | B15282 | B15313 | B15329 | B15331 | B15348 | B15350 |
| B15362 | B15372 | B15385 | B15394 | B15398 | B15405 | B15425 | B15431 | B15443 | B15452 | B15462 | B15464 | B15486 | B15496 | B15503 | B15505 | B15508 | B15517 | B15519 | B15530 | B15538 | B15545 | B15554 | B15562 | B15569 |
| B15576 | B15594 | B15599 | B15615 | B15617 | B15623 | B15629 | B15638 | B15640 | B15642 | B15668 | B15674 | B15679 | B15686 | B15697 | B15714 | B15719 | B15723 | B15727 | B15731 | B15736 | B15742 | B15743 | B15745 | B15747 |
| B15750 | B15761 | B15771 | B15780 | B15800 | B15804 | B15814 | B15816 | B15853 | B15854 | B15861 | B15876 | B15884 | B15908 | B15918 | B15920 | B15959 | B15975 | B16002 | B16004 | B16015 | B16026 | B16036 | B16039 | B16040 |
| B16055 | B16056 | B16057 | B16079 | B16083 | B16101 | B16138 | B16143 | B16170 | B16173 | B16175 | B16188 | B16192 | B16212 | B16232 | B16265 | B16275 | B16281 | B16286 | B16291 | B16300 | B16314 | B16325 | B16334 | B16346 |
| B16355 | B16357 | B16400 | B16402 | B16443 | B16458 | B16474 | B16478 | B16497 | B16498 | B16519 | B16525 | B16540 | B16547 | B16555 | B16559 | B16564 | B16568 | B16579 | B16580 | B16584 | B16596 | B16619 | B16643 | B16647 |
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| B17155 | B17157 | B17190 | B17212 | B17228 | B17232 | B17235 | B17250 | B17256 | B17261 | B17263 | B17271 | B17272 | B17274 | B17276 | B17282 | B17305 | B17309 | B17333 | B17334 | B17337 | B17339 | B17348 | B17349 | B17356 |
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| B18551 | B18554 | B18556 | B18562 | B18568 | B18576 | B18585 | B18600 | B18613 | B18633 | B18635 | B18643 | B18647 | B18652 | B18685 | B18708 | B18726 | B18753 | B18763 | B18775 | B18780 | B18781 | B18784 | B18792 | B18824 |
| B18851 | B18894 | B18899 | B18920 | B18926 | B18930 | B18938 | B18954 | B18961 | B18964 | B18967 | B18974 | B18981 | B18983 | B18996 | B19004 | B19005 | B19008 | B19028 | B19042 | B19069 | B19084 | B19086 | B19088 | B19091 |
| B19095 | B19111 | B19126 | B19135 | B19156 | B19172 | B19182 | B19189 | B19197 | B19201 | B19210 | B19218 | B19220 | B19234 | B19275 | B19279 | B19314 | B19328 | B19340 | B19352 | B19367 | B19383 | B19386 | B19398 | B19399 |
| B19408 | B19430 | B19450 | B19453 | B19454 | B19455 | B19460 | B19464 | B19478 | B19482 | B19483 | B19492 | B19497 | B19500 | B19521 | B19530 | B19533 | B19537 | B19539 | B19542 | B19546 | B19559 | B19561 | B19574 | B19575 |
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| B19760 | B19766 | B19791 | B19799 | B19807 | B19810 | B19814 | B19819 | B19845 | B19852 | B19854 | B19881 | B19885 | B19898 | B19910 | B19913 | B19915 | B19917 | B19920 | B19929 | B19935 | B19948 | B19957 | B19973 | B19995 |
| B19998 | B19999 | B20017 | B20035 | B20037 | B20040 | B20043 | B20051 | B20052 | B20061 | B20063 | B20071 | B20078 | B20095 | B20103 | B20112 | B20115 | B20117 | B20133 | B20137 | B20140 | B20157 | B20160 | B20163 | B20169 |
| B20174 | B20177 | B20178 | B20204 | B20205 | B20212 | B20228 | B20229 | B20245 | B20260 | B20262 | B20267 | B20274 | B20279 | B20298 | B20300 | B20311 | B20312 | B20325 | B20355 | B20357 | B20361 | B20364 | B20370 | B20372 |
| B20386 | B20406 | B20411 | B20416 | B20426 | B20431 | B20440 | B20444 | B20446 | B20467 | B20469 | B20492 | B20494 | B20507 | B20518 | B20525 | B20533 | B20546 | B20559 | B20576 | B20582 | B20597 | B20601 | B20613 | B20625 |
| B20624 | B20638 | B20645 | B20647 | B20655 | B20656 | B20659 | B20669 | B20681 | B20689 | B20701 | B20732 | B20733 | B20738 | B20753 | B20763 | B20787 | B20801 | B20816 | B20825 | B20850 | B20864 | B20875 | B20876 | B20879 |
| B20890 | B20892 | B20893 | B20898 | B20899 | B20900 | B20907 | B20909 | B20912 | B20915 | B20950 | B20957 | B20969 | B20975 | B20990 | B20999 | B21001 | B21011 | B21017 | B21021 | B21027 | B21034 | B21037 | [illegible] | [illegible] |
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| B22081 | B22090 | B22094 | B22096 | B22101 | B22103 | B22114 | B22123 | B22131 | B22134 | B22141 | B22145 | B22146 | B22149 | B22168 | B22184 | B22254 | B22265 | B22266 | B22272 | B22290 | B22309 | B22323 | B22332 | B22336 |
| B22337 | B22345 | B22347 | B22357 | B22371 | B22383 | B22384 | B22387 | B22394 | B22398 | B22414 | B22423 | B22424 | B22431 | B22442 | B22447 | B22460 | B22473 | B22476 | B22498 | B22509 | B22515 | B22518 | B22543 | [illegible] |
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| B22983 | B23009 | B23013 | B23019 | B23034 | B23042 | B23058 | B23059 | B23061 | B23065 | B23074 | B23082 | B23092 | B23109 | B23127 | B23131 | B23138 | B23140 | B23142 | B23144 | B23150 | B23155 | B23156 | B23177 | [illegible] |
| B23179 | B23191 | B23203 | B23219 | B23225 | B23226 | B23233 | B23234 | B23237 | B23249 | B23266 | B23268 | B23272 | B23273 | B23290 | B23294 | B23297 | B23305 | B23310 | B23313 | B23353 | B23358 | B23377 | B23383 | [illegible] |
| B23386 | B23395 | B23397 | B23422 | B23448 | B23450 | B23470 | B23493 | B23498 | B23517 | B23534 | B23539 | B23544 | B23559 | B23585 | B23604 | B23628 | B23637 | B23647 | B23651 | B23665 | B23676 | B23688 | B23707 | B23715 |
| B23719 | B23747 | B23748 | B23762 | B23775 | B23803 | B23812 | B23817 | B23861 | B23868 | B23870 | B23871 | B23876 | B23878 | B23879 | B23883 | B23891 | B23895 | B23898 | B23906 | B23915 | B23919 | B23934 | B23943 | [illegible] |
| B23946 | B23978 | B24006 | B24012 | B24017 | B24030 | B24041 | B24052 | B24054 | B24057 | B24101 | B24110 | B24112 | B24114 | B24117 | B24128 | B24135 | B24139 | B24150 | B24156 | B24158 | B24169 | B24170 | B24205 | [illegible] |
| B24211 | B24223 | B24248 | B24250 | B24253 | B24263 | B24274 | B24287 | B24296 | B24315 | B24320 | B24357 | B24383 | B24385 | B24391 | B24394 | B24395 | B24406 | B24416 | B24441 | B24464 | B24474 | B24473 | B24487 | B24489 |
| B24502 | B24524 | B24530 | B24538 | B24544 | B24552 | B24557 | B24559 | B24565 | B24569 | B24578 | B24580 | B24590 | B24591 | B24592 | B24613 | B24616 | B24618 | B24622 | B24643 | B24676 | B24679 | B24690 | B24699 | [illegible] |
| B24706 | B24711 | B24739 | B24748 | B24760 | B24762 | B24795 | B24799 | B24820 | B24844 | B24845 | B24853 | B24870 | B24875 | B24877 | B24888 | B24898 | B24938 | B24945 | B24950 | B24951 | B24954 | B24966 | B24988 | B24994 |

Notes not listed above are not affected by this redemption.

The Socialist Federal Republic of Yugoslavia has agreed with the International Monetary Fund, the Co-operating States and the International Co-ordinating Committee (on behalf of commercial banks) a co-ordinated programme of financial assistance including, inter alia, a restructuring of indebtedness due to commercial banks falling due in the calendar year 1984.

Noteholders who are banks or financial institutions holding Notes beneficially for their own account and whose Notes are included within the above numbers drawn for redemption are advised that the amounts so drawn for redemption are eligible for restructuring within the terms agreed in respect of the restructuring of indebtedness due to the commercial banks.

Any bank or financial institution which holds beneficially such Notes drawn for redemption should contact Peat Marwick Mitchell & Co, 1 Puddle Dock, Blackfriars, London EC4V 3PD, (Telex 8811541), in its capacity as Administrative Co-ordinator for the 1984 commercial bank restructuring of Yugoslav indebtedness as soon as possible to advise its claim under the restructuring.

Subject to these arrangements, all other Notes drawn for redemption will become due for payment on 30th May 1984. Such Notes with Coupon No 11 attached should be presented at the Office of any of the Paying Agents.

Coupon No 10 of all Notes, relating to the Interest Payment due 30th May 1984, should be detached and encashed in the usual manner. US$45,000,000 nominal of the Notes will remain outstanding following repayment of the above mentioned drawn Notes.

Fiscal Agent

BARCLAYS BANK PLC 54 LOMBARD STREET LONDON EC3P 3AH

30th April 1984

# INTERNATIONAL CAPITAL MARKETS

## North American Quarterly Results

**AMP**
Electrical equipment

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 458.7m | 340.5m |
| Net profits | 53.7m | 34.3m |
| Net per share | 1.50 | 0.96 |

**ANHEUSER BUSCH COS.**
Largest U.S. brewer

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 1.82bn | 1.54bn |
| Net profits | 77.7m | 68.7m |
| Net per share | 1.45 | 1.28 |

**ARKLA**
Natural gas

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 469.6m | 410.5m |
| Net profits | 47.4m | 32.7m |
| Net per share | 0.94 | 0.65 |

**BAKER INTERNATIONAL**
Energy equipment

| Second quarter | 1983-84 $ | 1982-83 $ |
|---|---|---|
| Revenue | 458.6m | 471.2m |
| Net profits | 14.7m | 7.6m |
| Net per share | 0.21 | 0.11 |
| Six months | | |
| Revenue | 890.9m | 954.5m |
| Net profits | 16.5m | 11.2m |
| Net per share | 0.38 | 0.30 |

**BELL CANADA ENTERPRISES**
Communications services

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 2.38bn | 2.04bn |
| Op. profits | 202.8m | 151.9m |
| Op. per share | 0.88 | 0.73 |

**BRASCAN**
Diversified holding co.

| First quarter | 1984 C$ | 1983 C$ |
|---|---|---|
| Revenue | — | — |
| Net profits | 20.4m | 17.3m |
| Net per share | 0.51 | 0.39 |

**BRUNSWICK**
Marine, recreational and technical goods

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 377.89m | 288.25m |
| Net loss | 22.96m | 9.53m |
| Net per share | 1.09 | 0.41 |

**CANADIAN GENERAL ELECTRIC**
Elec. and industrial products

| First quarter | 1984 C$ | 1983 C$ |
|---|---|---|
| Revenue | 281.4m | 300.1m |
| Net profits | 539,000 | 8.3m |
| Net per share | 0.07 | 0.77 |

**CANADIAN MARCONI**
Electronic products

| Year | 1983 C$ | 1982 C$ |
|---|---|---|
| Revenue | 258m | 198m |
| Net profits | 37.5m | 22m |
| Net per share | 1.58 | 0.93 |

**CENTEL**
Telephone service, elec. utilities

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 324.9m | 284.6m |
| Net profits | 29.2m | 26.5m |
| Net per share | 1.05 | 0.97 |

**CITY INVESTING**
Insurance, housing, heating equip.

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 1.54bn | 1.36bn |
| Net profits | 40.0m | 26.8m |
| Net per share | 0.78 | 0.64 |

**CONSOLIDATED FOODS**
Processed foods producer

| Third quarter | 1983-84 $ | 1982-83 $ |
|---|---|---|
| Revenue | 1.68bn | 1.60bn |
| Net profits | 43.3m | 38.0m |
| Net per share | 0.75 | 0.63 |
| Nine months | | |
| Revenue | 5.15bn | 4.85bn |
| Net profits | 130.9m | 117.4m |
| Net per share | 2.25 | 1.96 |

**FAIRCHILD INDUSTRIES**
Aircraft maker, aerospace components

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 214.6m | 199.1m |
| Net profits | 6.6m | 2.4m |
| Net per share | 0.45 | 0.13 |

**FUQUA INDUSTRIES**
Diversified consumer products

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 210.2m | 185.9m |
| Net profits | 9.8m | 7.5m |
| Net per share | 0.98 | 0.81 |

**GENERAL RE**
Reinsurance

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Op. profits | 29.9m | 52.7m |
| Op. per share | 0.66 | 1.17 |

**GENUINE PARTS**
Auto parts, hardware

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 592.3m | 476.8m |
| Net profits | 26.5m | 20.8m |
| Net per share | 0.49 | 0.38 |

**HOOVER**
Household appliances

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 188.07m | 165.77m |
| Net loss | 11.88m | 6.82m |
| Net per share | 0.96 | 0.54 |

**KROGER**
Supermarkets

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 3.6bn | 3.4bn |
| Net profits | 18.7m | 21.5m |
| Net per share | 0.42 | 0.46 |

**LEAR SIEGLER**
Aerospace, auto, electrical prods.

| Third quarter | 1983-84 $ | 1982-83 $ |
|---|---|---|
| Revenue | 542.5m | 376.6m |
| Net profits | 21.9m | 15.5m |
| Net per share | 1.30 | 0.93 |
| Nine months | | |
| Revenue | 1.31bn | 1.08bn |
| Net profits | 58.0m | 40.3m |
| Net per share | 3.32 | 2.41 |

**MACLEAN HUNTER**
Publishing, broadcasting

| First quarter | 1984 C$ | 1983 C$ |
|---|---|---|
| Revenue | 208.5m | 135.3m |
| Net profits | 7.5m | 4.3m |
| Net per share | 0.21 | 0.14 |

**MACMILLAN BLOEDEL**
Forest products

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 411.9m | 442m |
| Op. net loss | 17.5m | 23m |
| Op. net per share | 0.87 | 1.12 |

**McGRAW-EDISON**
Electrical, mechanical eqpt.

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 549.2m | 511.6m |
| Net profits | 12.9m | 7.4m |
| Net per share | 0.78 | 0.45 |

**NABISCO BRANDS**
Foods

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 1.44bn | 1.39bn |
| Net profits | 58.2m | 59.3m |
| Net per share | 0.89 | 0.86 |

**NL INDUSTRIES**
Oil services, chemicals

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 323.8m | 371.4m |
| Op. net profits | 912,000 | †5.7m |
| Op. net per share | — | †0.11 |

†Loss

**OCEAN DRILLING & EXPTN**
Oil and gas

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 185.9m | 228.4m |
| Net profits | 23.2m | 37.5m |
| Net per share | 0.45 | 0.73 |

**PANCANADIAN PETROLEUM**
Oil, natural gas

| First quarter | 1984 C$ | 1983 C$ |
|---|---|---|
| Revenue | 270.9m | 226.6m |
| Net profits | 77.1m | 66.2m |
| Net per share | 0.62 | 0.53 |

**SCIENTIFIC-ATLANTA**
Equip. for communications, cable TV

| Third quarter | 1983-84 $ | 1982-83 $ |
|---|---|---|
| Revenue | 95.8m | 80.9m |
| Net profits | 2.3m | 1.5m |
| Net per share | 0.10 | 0.06 |
| Nine months | | |
| Revenue | 287.8m | 229.6m |
| Net profits | 8.2m | †4.4m |
| Net per share | 0.35 | †0.19 |

†Loss

**STONE CONTAINER**
Containers

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 315.5m | 119.4m |
| Net loss | 2.41m | †0.96m |
| Net per share | 0.17 | †0.11 |

† Loss

**STORER COMMUNICATIONS**
TV stations, cable

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 119m | 101.5m |
| Net loss | 14.6m | 11m |
| Net per share | 0.88 | 0.67 |

**TANDON**
Electronics

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 105.7m | 70.7m |
| Net profits | 10.4m | 7.9m |
| Net per share | 0.21 | 0.15 |

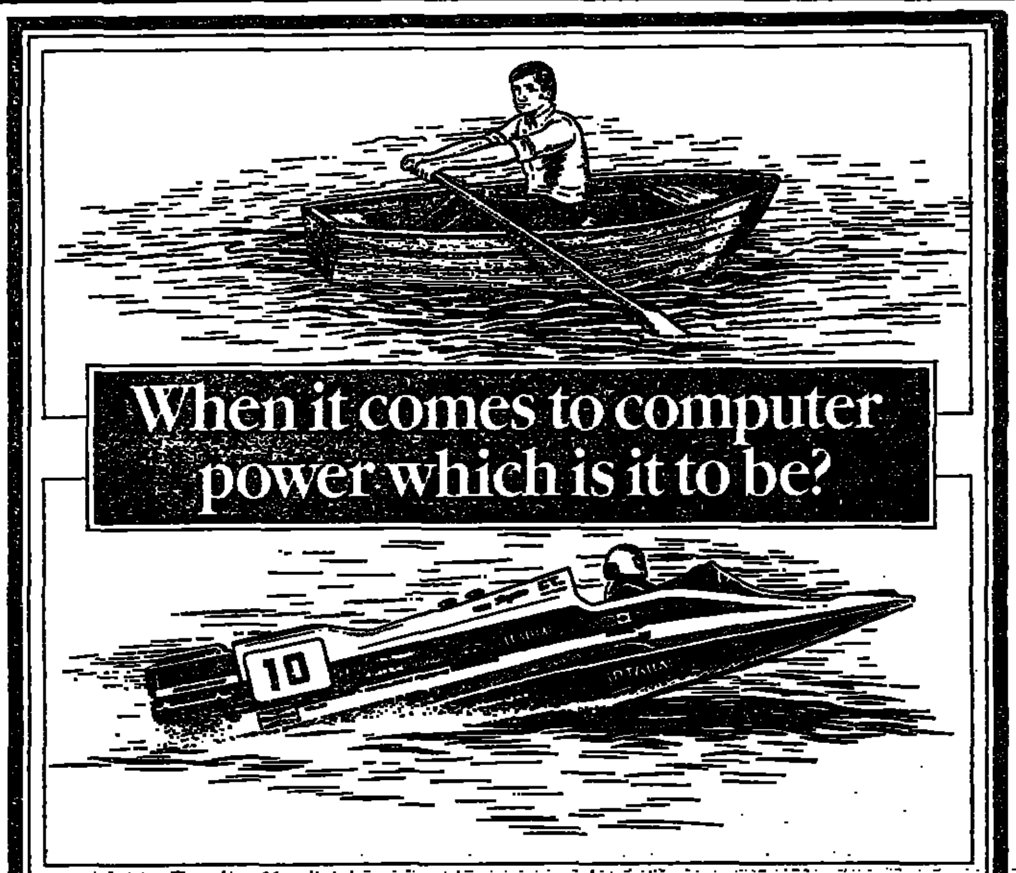
**TIMES MIRROR**
Newspapers, TV and forest products

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 689.8m | 587.3m |
| Net loss | 48.3m | 29.4m |
| Net per share | 0.63 | 0.43 |

**VARIAN ASSOCIATES**
High tech products

| Second quarter | 1983-84 $ | 1982-83 $ |
|---|---|---|
| Revenue | 227.3m | 185.1m |
| Net profits | 14.2m | 8.8m |
| Net per share | 0.65 | 0.44 |
| Six months | | |
| Revenue | 424m | 357.5m |
| Net profits | 25.8m | 18.2m |
| Net per share | 1.18 | 0.92 |








# NESTLÉ S.A.,
**Cham and Vevey (Switzerland)**

The shareholders are hereby convened to the
117TH ORDINARY GENERAL MEETING
to be held on Thursday, May 17, 1984 at 3.00 p.m.
at the "Palais de Beaulieu"
LAUSANNE (SWITZERLAND)

**AGENDA**

1. Approval of the Accounts for 1983 and of the Annual Report.
2. Release from responsibility of the Board of Directors and of the Management.
3. Decision regarding the appropriation of the net profit.
4. Elections in accordance with the Articles of Association.
5. Amendment of Articles 5, par. 2; 6, par. 8; 7 and 27 of the Articles of Association.
6. Basis for the creation of a participation-capital
   - 6.1. Statutory basis: introduction of a new Article 7 and amendment of Article 8 of the Articles of Association.
   - 6.2. Authorization to the Board of Directors to issue participation certificates up to 10% of the share capital.
7. Increases of share capital
   - 7.1. Increase of the share capital from presently Fr. 285.086.500.- to Fr. 299.340.800.- by the issue of 50,995 new bearer shares and of 91,548 new registered shares reserved for the shareholders.
   - 7.2. Increase of the new share capital from Fr. 299.340.800.- to Fr. 300.000.000.- by the issue of 2,095 new bearer shares and of 4,497 new registered shares reserved for the "Fonds de Pensions Nestlé I".
   - 7.3. Placing on record that all the new bearer shares and registered shares have been subscribed for and fully paid.
   - 7.4. Increase of the new share capital from Fr. 300.000.000.- to Fr. 330.000.000.- by the issue of 300,000 new registered shares in order to guarantee conversion or option rights resulting from debentures or bonds which might be issued later on and for other purposes which are in the interest of the Company, according to the decision of the Board of Directors, the present shareholders waiving their subscription rights.
   - 7.5 Placing on record that all the new registered shares have been subscribed for and fully paid.
   - 7.6 Amendment of Article 5 of the Articles of Association.
8. Registration in the "Registre du Commerce."

The owners of bearer shares may obtain their admission cards for the General Meeting (with a proxy) at the Company's Share Control Office at Cham up to Monday, May 14, 1984 at noon, at the latest. The cards will be delivered against the statement of a bank that the shares have been deposited with them or upon deposit of the shares at the offices of the Company where *they will remain blocked until the day after the General Meeting.*

The Nestlé Annual Report 1983 with the Directors' Report of Nestlé S.A. (including the Balance Sheet and the Profit and Loss Account with comments, the Auditors' Report and the proposals for the appropriation of profits) as well as the Report of the Board of Directors concerning the amendments to the Articles of Association, the possibility of introducing participation certificates and the proposed share capital increases, are available to the holders of bearer shares as from May 2, 1984 at the Registered Offices at Cham and Vevey and at the Offices of the paying Agents of the Company.

The holders of registered shares whose names are entered in the Share Register will, within the next few days, receive at their latest address communicated to the Company, an envelope containing the Notice for the General Meeting, together with a form including an application for obtaining the admission card for such meeting as well as a proxy. On the other hand, the above-mentioned Reports will be dispatched a few days later.

As, according to the terms of Article 15 of the Articles of Association, the resolutions relating to point No 6 of the Agenda can only be validly taken by a General Meeting representing at least one half of the share capital, the shareholders are hereby informed that, in the absence of shareholders representing at least one half of the share capital at the first General Meeting, an

**Extraordinary General Meeting**

will be held on Thursday, May 17, 1984 at the "Palais de Beaulieu", Lausanne, immediately after the end of the Ordinary General Meeting, in order to decide on points 6.1 and 6.2 of the Agenda. In accordance with Article 15, paragraph 4 of the Articles of Association, decisions will be validly taken by *an absolute majority of the votes cast* without regard to the number of shares represented at this second General Meeting. The admission cards and the proxies for the Ordinary General Meeting shall be automatically valid for the Extraordinary General Meeting.

The shareholders are requested to address any correspondence concerning the General Meeting to the Share Control Office of the Company at Cham (Switzerland).

The Board of Directors

Cham and Vevey,
30th April 1984

Financial Times

# NATIONAL BANK OF SHARJAH: Highlights of the Chairman's Report

The net operating profit after deduction for Provision for Bad and Doubtful Debt and Reserve for Contingencies was Dhs. 58,543,090.00.

It is interesting to note that in the recent survey conducted by 'The Banker' Magazine, of the top 100 Arab Banks, National Bank of Sharjah has the second most conservative ratio of capital funds to total assets, and notwithstanding this, the return on funds is considered satisfactory.

The expansion in oil/gas development continues in Sharjah and production of the Sajaa Field of condensate oil will increase to about 55 thousand barrels a day by June 1984. This, plus the prospect of downstream gas related industries in the near future, will further strengthen the economy in Sharjah.

National Bank of Sharjah's continued progress would not have been possible without the close cooperation and dedication of the Government of Sharjah, Shareholders, Directors and staff alike. Their continued support and efforts will once again be salutory in enabling the Bank to face the challenges for the banking sector in 1984.

**HIGHLIGHTS FROM BALANCE SHEET AS AT 31ST DECEMBER 1983**

| Capital and liabilities | 1983 Dh. | 1982 Dh. |
|---|---|---|
| Authorised capital | 500,000,000 | 500,000,000 |
| Paid up capital | 260,000,000 | 195,000,000 |
| Reserves | 112,158,353 | 171,365,263 |
| Shareholders' funds | 372,158,353 | 366,365,263 |
| Proposed dividend | 52,000,000 | |
| Deposits from banks | 546,855,099 | 563,743,671 |
| Current, deposit and other accounts | 976,308,827 | 587,692,772 |
| | 1,947,322,279 | 1,517,801,706 |
| Acceptances, confirmed credits and guarantees issued on behalf of customers | 709,935,918 | 578,252,455 |
| | 2,657,258,197 | 2,096,054,161 |

| Assets | 1983 Dh. | 1982 Dh. |
|---|---|---|
| Cash, balances with banks and short term funds | 490,506,485 | 408,168,904 |
| Deposits with banks | 443,646,960 | 349,244,619 |
| Marketable securities | 31,031,983 | |
| Loans and advances | 917,730,408 | 704,172,778 |
| Other assets | 24,548,355 | 21,899,948 |
| Investments | 18,077,843 | 18,077,843 |
| Fixed assets | 21,780,247 | 16,237,614 |
| | 1,947,322,279 | 1,517,801,706 |
| Customers' liability for acceptances, confirmed credits and guarantees | 709,935,918 | 578,252,455 |
| | 2,657,258,197 | 2,096,054,161 |

H.E. SHAIKH AHMED BIN SULTAN AL QASIMI
CHAIRMAN
ABDUL RAHMAN MOHD BUKHATIR
VICE CHAIRMAN
L.W. McNAIR
CHIEF EXECUTIVE

NATIONAL BANK OF SHARJAH
The local bank with extensive international connections
Head Office and Main Branch Al Burj Avenue
P.O. Box 4, Sharjah, U.A.E.

## BUSINESSMAN'S DIARY

### UK TRADE FAIRS AND EXHIBITIONS

**May 1-3**
All Electronics ECIF Show (0799 26699) — Barbican

**May 1-3**
Fibre Optics Exhibition and Conference (0799 26699) — Whitbread Portern Tun Rooms

**May 1-3**
International Air Cargo Exhibition and Conference (St Albans (0727) 68633) — Manchester

**May 2-Oct 21**
International Garden Festival (051-236 6090) — Liverpool

**May 9-11**
Southern Aids for the Disabled Exhibition and Conference (Tunbridge Wells (0892) 44027) — Brighton

**May 13-15**
British Craft Trade Fair (0282 65912) — Harrogate

**May 15-17**
Micrographics '84 Exhibition and Conferences (Godalming (04868) 6653) — Bloomsbury Crest Hotel, WC1

**May 15-17**
DEC User Show (01-637 3699) — Cunard International Hotel, W6

**May 20-23**
Business to Business Exhibition (01-729 0677) — Barbican

**May 21-25**
International Fire Safety Conference and Exhibition (01-248 4477) — NEC, Birmingham

**May 22-24**
Riba computer exhibition and conference (01-637 8391) — Bloomsbury Crest Hotel

**May 22-25**
Chelsea Flower Show (01-834 4333) — Royal Hospital, SW3

**May 29-June 1**
International Wine and Spirit Trade Fair (01-940 6065) — Olympia

### OVERSEAS TRADE FAIRS

**April 30-May 4**
Direct Marketing Symposium and Exhibition (01/69 48 20) — Montreux

**May 5-9**
Systems Components and Materials for Industrialised Building Sector Exhibition (01-486 1951) — Milan

**May 10-13**
Asian Automotive and Accessories Exhibition (Guildford (0483) 38085) — Singapore

**May 10-16**
International Packaging Exhibition and Display of Confectionery Machinery — INTERPACK (01-493 3893) — Dusseldorf

**May 26-27**
International Aerospace Exhibition (01-651 2191) — Hanover

**May 22-25**
Asian International Electronic Communications Exhibition and Conference — COMMUNICASIA (01-486 1951) — Singapore

**June 4-7**
Gas Turbine Exhibition and Conference (Georgia 30341) — Amsterdam

**June 4-7**
Robots 8 Exposition and Conference ((313) 271-1080) — Detroit

**June 18-21**
Viewdata and Communication Technology Exhibition—TELEMATICA (01-236 0911) — Stuttgart

### BUSINESS CONFERENCES

**May 3**
Institute of Directors: New legislative threats to directors (01-388 1811) — Café Royal, W1

**May 3-4**
FT/The Banker: World gold conference (01-621 1355) — Hong Kong

**May 9**
Longman Seminars: The electronic banking revolution—legal and security problems (01-242 2548) — Barbican

**May 10**
IWP: Electronic mail in practice (01-242 8697) — Cavendish Conference Centre

**May 11**
Longman Seminars: The Lloyd's Act (01-242 2548) — Barbican

**May 13-14**
Meed: Law and business in the UAE (01-404 5513) — Abu Dhabi

**May 15**
Business Briefings: Acting for Lloyd's underwriters, taxation planning and advice (01-381 1284) — Waldorf Hotel, WC2

**May 16**
Institute of Marketing: Marketing for profit (Bourne End (06285) 24922) — Royal Lancaster Hotel, W2

**May 16**
Institution of Taxation: Finance Bill 1984 (01-235 8847) — InterContinental Hotel, W1

**May 16**
Longman Seminars/International Media Law: the media and the law (01-242 2548) — Barbican

**May 22**
International Reports/FT: Sovereign debt and the banks ((212) 477 0003) — New York

**May 22**
ESC: USM, listing or private placing? (Uppingham (0572) 822711) — Piccadilly Hotel, W1

**May 22-24**
Royal Institute of Navigation: Global civil satellite navigation systems (01-589 5021) — Novotel, W6

**May 23-24**
FT Conference: Sitev—World FT motor conference (01-621 1355) — Geneva

**June 14**
Insig: Strategic planning in banking, the new payment systems choices ((1) 763.07.24) — Paris

**June 20-21**
FT Conference: World electronics — future strategies for Europe (01-621 1355) — Intercontinental Hotel, W1

*Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.*

### BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 8½% | Heritable & Gen. Trust | 8½% |
| Allied Irish Bank | 8½% | ■ Hill Samuel § | 8½% |
| Amro Bank | 8½% | C. Hoare & Co. † | 8½% |
| Henry Ansbacher | 8½% | Hongkong & Shanghai | 8½% |
| Armco Trust Ltd. | 8½% | Kingsnorth Trust Ltd. | 10 % |
| Associates Cap. Corp. | 9 % | Knowsley & Co. Ltd. | 9½% |
| Banco de Bilbao | 8½% | Lloyds Bank | 8½% |
| Bank Hapoalim BM | 8½% | Mallinhall Limited | 8½% |
| BCCI | 8½% | Edward Manson & Co. | 9½% |
| Bank of Ireland | 8½% | Meghraj and Sons Ltd. | 8½% |
| Bank of Cyprus | 8½% | Midland Bank | 8½% |
| Bank of India | 8½% | ■ Morgan Grenfell | 8½% |
| Bank of Scotland | 8½% | National Bk. of Kuwait | 8½% |
| Banque Belge Ltd. | 8½% | National Girobank | 8½% |
| Barclays Bank | 8½% | National Westminster | 8½% |
| Beneficial Trust Ltd. | 9½% | Norwich Gen. Tst. | 8½% |
| Bremar Holdings Ltd. | 8½% | People's Tst. & Sv. Ltd. | 9½% |
| Brit. Bank of Mid. East | 8½% | R. Raphael & Sons | 8½% |
| ■ Brown Shipley | 8½% | P. S. Refson & Co. | 8½% |
| CL Bank Nederland | 8½% | Roxburghe Guarantee | 9½% |
| Canada Perm't Trust | 8½% | Royal Trust Co. Canada | 8½% |
| Castle Court Trust Ltd. | 9 % | ■ J Henry Schroder Wagg | 8½% |
| Cayzer Ltd. | 8½% | Standard Chartered ‖ | 8½% |
| Cedar Holdings | 9 % | Trade Dev. Bank | 8½% |
| ■ Charterhouse Japhet | 8½% | TCB | 8½% |
| Choulartons | 10½% | Trustee Savings Bank | 8½% |
| Citibank Savings ¶ | 9½% | United Bank of Kuwait | 8½% |
| Clydesdale Bank | 8½% | United Mizrahi Bank | 8½% |
| C. E. Coates | 9½% | Volkskas Limited | 8½% |
| Comm. Bk. of N. East | 8½% | Westpac Banking Corp | 8½% |
| Consolidated Credits | 8½% | Whiteaway Laidlaw | 9 % |
| Co-operative Bank * | 8½% | Williams & Glyn's | 8½% |
| The Cyprus Popular Bk. | 8½% | Wintrust Secs. Ltd. | 9 % |
| Dunbar & Co. Ltd. | 8½% | Yorkshire Bank | 8½% |
| Duncan Lawrie | 8½% | | |
| E. T. Trust | 9 % | | |
| Exeter Trust Ltd. | 9½% | | |
| First Nat. Fin. Corp. | 11 % | | |
| First Nat. Secs. Ltd. | 9½% | | |
| Robert Fraser | 9½% | | |
| Grindlays Bank ‡ | 8½% | | |
| ■ Guinness Mahon | 8½% | | |
| ■ Hambros Bank | 8½% | | |

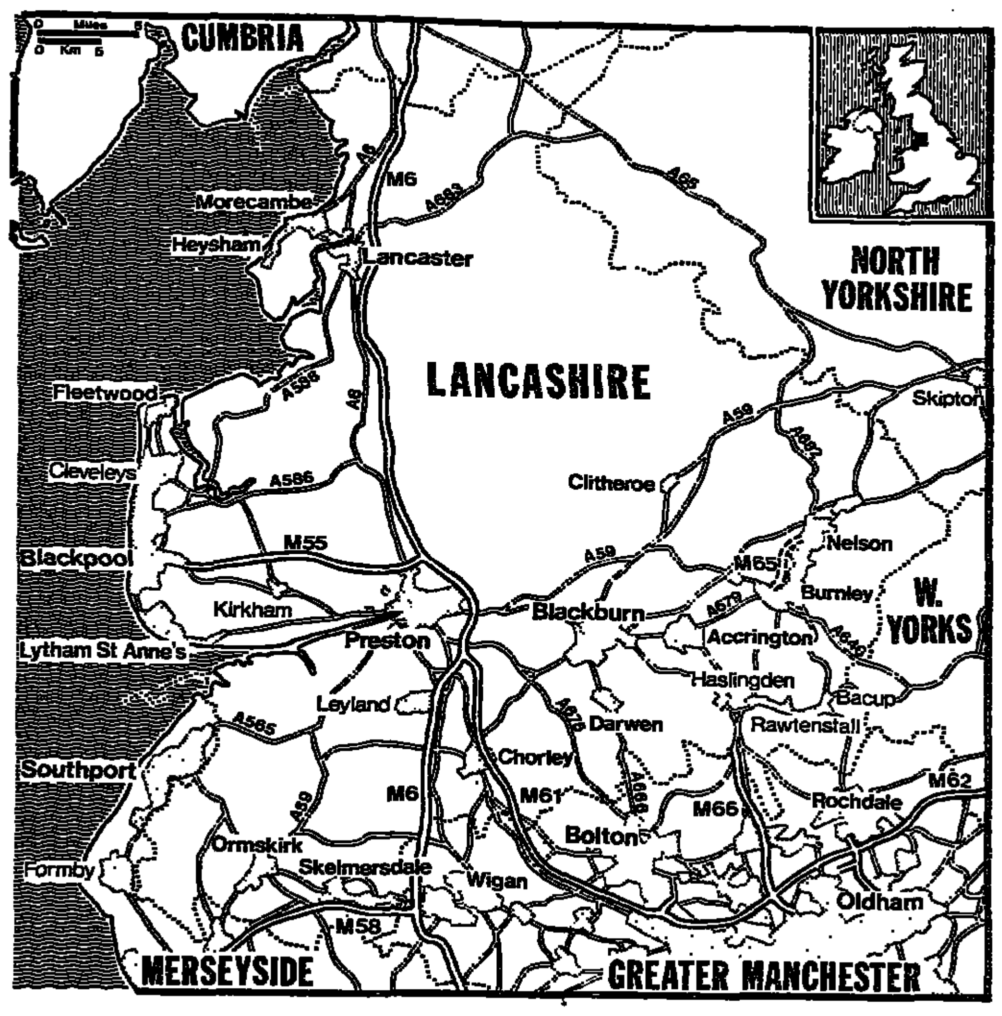
■ Members of the Accepting Houses Committee.
* 7-day deposits 5.25%. 1-month 6%. Fixed rate 12 months £2,500 8% £10,000, 12 months 8.25%.
† 7-day deposits on sums of: under £10,000 5¼%. £10,000 up to £50,000 6¼%. £50,000 and over 7¼%.
‡ Call deposits £1,000 and over 5¼%.
‖ 21-day deposits over £1,000 6¼%.
§ Demand deposits 5¼%.
¶ Mortgage base rate.

FINANCIAL TIMES SURVEY

Monday April 30, 1984

# Lancashire

Lancashire is now a mixture of the rural and of old and new small industrial centres. Though these have not escaped the problems of other areas, opportunities for growth are seen in the development of the Morecambe Bay gasfield and by tourism




## Coping with a faulty image

By NICK GARNETT, Northern Correspondent

FOR A COUNTY whose name alone evokes such strong impressions of grime, industry and terraced housing especially among people who have never been there, Lancashire is strikingly different from that image.

Shorn of some of its larger concentrations of manufacturing by local government reorganisation a decade ago which removed Manchester and Liverpool from its boundaries, the county now has no coal mines, no cities other than the relatively small settlement of Lancaster and its biggest urban district is Blackpool.

### 1.4m people

Lancashire is overwhelmingly rural, save for a banana-shaped belt stretching from Preston through Blackburn and Burnley. Even here older former textile-based towns like Accrington and Nelson while still having the unmistakable physical stamp of another manufacturing era are surrounded by open countryside.

One aspect of that faulty image still holds true, however. Its population of 1.4m is still over-dependent on older, heavier manufacturing with a great deal of employment concentrated on sites run by a handful of major companies such as British Aerospace, Leyland and GEC.

There is also a preponderance of very large manufacturing establishments and a dearth of medium-sized ones, a vulnerability particularly acute for some towns which derive most of their lifeblood from only a few employers.

This industrial structure is partially reflected in the age of Lancashire's factories and mills, 45 per cent of which pre-date World War I, compared with a third in the rest of the region. Some of the older industrial towns have a preponderance of terraced homes, many in need of substantial refurbishment and replacement. The county is very short of high technology companies, a north-west characteristic, though Lancashire does have some, notably in robotics. These include Dainichi-Sykes at Preston and Taylor Hitec in Chorley.

The county incorporates some very clear cut geographic and economic differences. It can be divided into six areas—the Fylde coastal belt, Central Lancashire encompassing many of the big manufacturing employers, the line of towns in the North-East of the county stretching from Blackburn to Colne, the grade one farming land in the West and the uplands and moors on the edge of West Yorkshire and Greater Manchester.

The county also encapsulates both ends of the North-West's unemployment spectrum.

It has one of the highest local travel to work unemployment figures in the region—22 per cent in Ormskirk—as well as the region's lowest local unemployment figure (7 per cent for Clitheroe). Its overall unemployment rate is about 14 per cent.

At the same time, various developments are keeping the county's public profile relatively high. In energy, the Morecambe Bay £1bn gasfield development, expected to come on stream at the turn of the year is using Fleetwood as its exploration drilling centre, Heysham as its production drilling and operational home and Blackpool as its helicopter base.

### Controversy

The development is having some positive spin-off in the coastal towns and 11 gas-related companies have set up operations in the county.

Also in the energy field, the Heysham Two nuclear power station now under construction has been an example of the industry's new ability to build to time and cost.

In another development aimed at stimulating the local economy, the Labour-controlled Lancashire County Council set up two years ago the first of the new generation of local-government-owned development companies. Lancashire Enterprises Ltd has operated amid political controversy partly because support to the Fleetwood fishing industry, to which LEL was a rather reluctant provider of aid, has not produced the expected results.

However, in terms of cost effective assistance largely to medium-sized companies, LEL has had considerable success, providing financial help to 16 companies, including four management buyouts and will return a profit this year. West Yorkshire County Council took advice from LEL before setting up its own enterprise board.

Labour took control of the council in 1980 with the most astonishing turn round in that year's shire county elections. The Tories slumped from 80 to 35 councillors, Labour's group jumping in size from 11 to 53.

Conservative members on LEL have resigned from it but the Tory group has not said it will scrap it if they regain control of the council next year.

At the same time, the growing importance of tourism as a big direct and indirect employer and growth industry is becoming clearer. Some local authorities and other agencies are adopting a more aggressive promotional stance.

Tourism brings in an estimated £250m into the Lancashire economy, supporting perhaps 35,000 jobs. The North West Tourist Board believes 60 per cent of all regional tourist spending is in the county.

Perhaps this is not surprising. With 300,000 accommodation beds, Blackpool attracts 16m visitors a year and the Pleasure Beach Company is one of the country's most successful leisure businesses. Apart from the coastal resorts, Lancaster, the Pendle witch country and the Ribble Valley, the more secluded areas of the Forest of Bowland and the great number of museums and country parks like Wycoller and Beacon Fell provide the council and the tourist board with plenty to offer.

New style tourist ventures have got under way. Two farmhouse consortia were set up three years ago in the Lune estuary and Ribble Valley. LEL has formed a separate company to develop commercial tourist packages. It has put a small investment so far into a consortium of Blackpool holiday enterprises and into golfing heritage tours.

Some other developments have been a cause of greater apprehensiveness. Lancashire's two new town development corporations — Central Lancashire and Skelmersdale — are due to be wound up next year. This has generated considerable concern at the loss of their job-attracting roles and the consequences for the county council which might inherit some unfinished road programmes.

### Imbalances

Transport is an issue for other reasons as well. Lancashire is well served with main rail routes and motorways, but the Government has shown no inclination towards joining up the M65 in East Lancashire to the M6.

These concerns though are far outweighed by worries surrounding imbalances in the employment base and employment decline in many of the county's principal industries. This has been punctuated by headline-grabbing big plant shutdowns like Courtaulds' Red Scar mill in Preston, Turner and Newall's Storey plastics subsidiary (subsequently purchased by LEL for conversion and a partial management buy-out) and shrinkage in Leyland Truck's workforce.

A shortage of high technology companies is compounded by concern at the possible loss of technological engineering if the aerospace sector should fall victim to order shortages.

Yet, for all these problems, Lancashire is blessed with a wide range of local enterprise agencies, some of which have a successful track record in job support, and a number of areas offer special industrial assistance.

Skelmersdale has special development area status, Rossendale is a development area and Lancaster and the Fylde coast intermediate areas.

Six separate areas make up the North-East Lancashire Enterprise Zone and Lancaster and the North-East of the county are designated areas for EEC textile aid.

CONTENTS

# LANCASHIRE II

Nick Garnett looks at the county's manufacturing base

# Diverse base needs to be widened further

**Lancashire is where many of Britains traditional industries—textiles, engineering, vehicles and chemicals among them—had their earliest start. As such it is still characterised by the presence of relatively large companies in these sectors, several of which operate from single locations employing more than 1,000 people. The county has also been winning its share, however, of new products and processes and is looking to new technologies to provide much of its future growth.**

## Aerospace

AEROSPACE is one of Lancashire's biggest single manufacturing sectors employing more than 20,000 people. The county has a major share of the UK's total industry but its dependence on long-term contracts and the uncertainty surrounding military expenditure adds a strong element of insecurity.

It is dominated by British Aerospace which employs 17,000 in Lancashire but with three other companies, Lucas Aerospace, Rolls-Royce and GEC Engineering at Accrington also major employers.

British Aerospace has three sites at Warton, Preston and Salmesbury doing final assembly and component subassembly for the Tornado and making tail units and wings for the Jaguar. It needs a new construction project with the Tornado running out at the end of the decade and the main programme for the RAF's Jaguars completed.

Lucas Aerospace has four sites at Burnley making precision fabrications for aerospace and other industries. Its workforce has fallen by almost 1,000 to 1,700 in the past six years.

Rolls-Royce's two Barnsoldwick sites manufacture components for aero engines such as front-bearing housings and new wide-cord fan blades for the RB 211 535-E4 engine. Its workforce has also shrunk by 1,000 to 1,350 in three years.

## Vehicle building

VEHICLE BUILDING has always been an important industry in Lancashire and was a big growth area in the 1970s. The town of Leyland was always synonymous the world over with buses and trucks.

The sector, including component building, is quite diversified in the county incorporating TVR which builds sports cars in Blackpool and Duple coachbuilders in the same town. TI Silencers and Garrett Airesearch in Skelmersdale. Atkinsons manufactures snowploughs in Clitheroe.

Leyland Vehicles with its headquarters in the county dominates the sector but the speed with which its workforce has shrunk has had a significant impact on the economy of central Lancashire. Ten years ago Leyland employed 11,000 in the town of Leyland. Now Leyland trucks, through its three operations in the county — vehicle assembly, engine building and foundry—employ about 4,500 on the T45 range and TL 11 and 400 series engines.

The company's new light truck to replace the Terrier will also be produced at Leyland. Leyland Bus employs 1,800 at the Farington plant on chassis and gearbox building and Leyland Parts at Chorley another 1,400.

Commitment to Lancashire is reflected in the relatively new truck assembly hall and technical centre and test track but even though Leyland has reversed its ten year slide in UK market share further rationalisation for the group as a whole is on the horizon.

## Engineering

MECHANICAL ENGINEERING, which includes two Royal Ordnance factories at Euxton and Blackburn, absorbed many of the workers leaving the country's older industrial sectors but it suffered more than a 60 per cent collapse in employment during the past decade though it still employs about 15,000.

Lancashire has a substantial electrical engineering sector, dominated by GEC Traction at Preston, RISTS with three sites, Lucas Electrical's switchgear operation in Burnley and Mullards at Simonstone and Blackburn. Other companies include Dorman Switchgear at Preston.

Metal manufacturing has never been big in the county and is concentrated in what is left of castings and aluminium alloy production around Burnley.

## Textiles

TEXTILES MAKE up Lancashire's second biggest manufacturing employer but it is a shadow of what it once was. Employment collapsed also by 60 per cent in the decade up to the early 1980s, according to Manpower Services Commission statistics, traditional spinning and weaving taking the worst of it.

East Lancashire was hardest hit in the early 1970s but the last recession has taken most effect in the country's central area. Closure of Courtaulds' Red Scar Mill at Preston with the loss of more than 2,000 jobs was one of the biggest single industrial blows in recent years.

Employment estimates suggest about 18,000 are still employed in textiles with most of the mill units relatively small, often 250 employees or less. Clothing and footwear employs a further 9,000.

Some operations like bedding and other household textile manufacturing have been one of the growth areas for Lancashire but have recently endured the impact of cheaper imports.

Courtaulds still has some ten sites spread across the county involved in garment manufacturing, spinning, dyeing and finishing. Vantona Viyella's operations include Horrockses, the textile converters in Preston; Albert Hartley in Barnoldswick, Diana Cowpe in Burnley making bedspreads and other household products and sites of the CV sub-group in Darwen, Barrowford and Rawtenstall.

Tootal has just two factories in its Trutex company in Clitheroe making clothing for children and teenagers.

Lancashire has a strong presence in the clothing industry, including dresses and men's workwear and shirts, as well as childrens' clothing.

## Footwear

THE FOOTWEAR industry with a workforce of around 6,000 is one of the biggest employers in the north-east of the county, though, like textiles it has shrunk quite severely over the past decade, even though it has attempted to go down market to meet imports.

Lancashire produces more than 25m pairs of footwear, including slippers out of a UK total of 124m and has a number of significantly-sized companies like Lambert Howarth, Bacup Shoe and the Newchurch Boot Company, and Feniger in Blackburn, manufacturers for Dunlop.

The county is the home of slipper manufacturing which is a crucial plank in the economic life of the Rossendale Valley and its output decline has been much less steep than that for the rest of the footwear sector.

Mr Albert Lewis, director of the Lancashire Footwear Manufacturers Association, says growth has been very strong in ladies' fashion footwear and sandals and is challenging the Italian market, improving Rossendale's prospects.

## Furniture

FURNITURE manufacturing provides one of the great business stories for Lancashire in the shape of Silentnight at Barnoldswick. Manufacturing more beds than any other company in Britain, it is also the second biggest producer of upholstered furniture. The company's phenomenal growth has marked it out in an industry where hundreds of smaller manufacturers have gone to the wall.

The sector has been a stable employer of about 8,000 people during the past ten years and is made up of a cluster of companies which also include Gomme in Burnley making G-Plan furniture, Buoyant at Nelson and E. J. Riley in Accrington.

## Packaging

PAPER AND PACKAGING employs about 12,000 and has suffered the traumas of contraction under the pressure of energy costs, currency exchange rates, and imports as elsewhere in the country, particularly in the vulnerable areas of paper and board.

Packaging, stationery and wallcoverings have generally performed well however and this sector in Lancashire is very diversified — from the Star Paper Mill in Blackburn and Reed's Sun Paper at Feniscowles to Crown at Darwen making wall paper.

## Chemicals

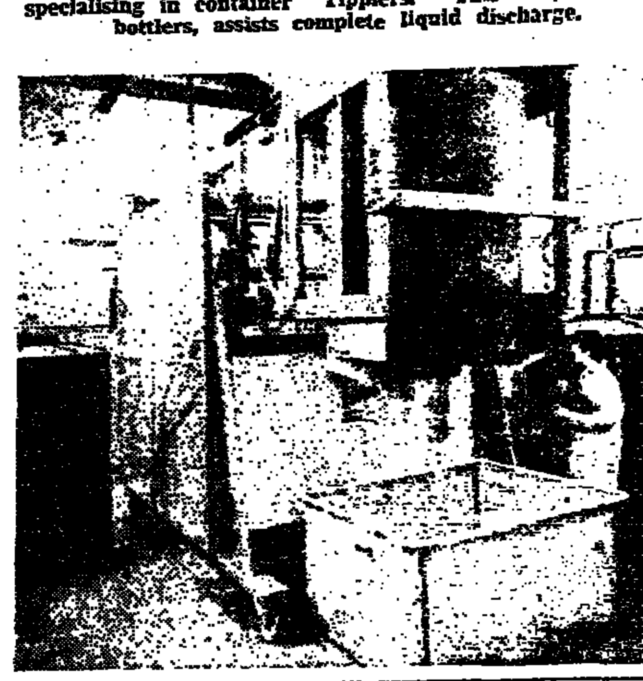
CHEMICALS, PLASTICS, rubbers, paints and associated industries form an ill-defined hotch potch in Lancashire but together probably employ well over 20,000.

Employers range from ICI's Hillhouse works at Thornton, paint manufacturers like Crown at Darwen and Leyland Paints at Leyland to Pilkington's research and development headquarters at Lathom north of Skelmersdale which employs 600. Liquid Plastics at Preston which makes plastic surface coatings has expanded over the past five years and is a big exporter.

GEC, through its subsidiary Reinforced Plastics at Freckleton makes products for the building and vehicle industry.

Production of rubber and products like linoleum plastic floor coverings have declined steeply. The closure of Turner and Newall's Storeys Plastics subsidiary was a serious blow to local employment.

Parts of the chemicals sector look like being stable employers. A county planning officer's report in January on Lancashire's economic base suggests, however, that employment will further decline in chemicals partly because many operations are becoming increasingly capital intensive.



Above: final inspection and cutting at White Cross Rubber Products, Lancaster, one of the companies receiving aid from Lancashire Enterprises. Below: Lodematic, a thriving company of mechanical handling engineers at Clitheroe, specialising in container "Tipplers." This one, made for bottlers, assists complete liquid discharge.

Morecambe Bay output expected at end of year

# Gasfield provides more jobs

HOOK UP commissioning work on the two platforms and two rigs in the Morecambe Bay gasfield is well under way before the start of production drilling in the summer.

The development is the single biggest scheme in the British Gas Corporation's £4bn development programme over the next five years. The first production gas will be brought onshore at the turn of the year, building up to 1,200m cubic ft a day and possibly up to 1,800m in the long term.

The onshore economic impact of the field which is estimated to contain five trillion (million-million) cubic feet of gas is largely centred so far on Barrow in Cumbria where, at nearby Rampside a terminal and construction supply base are being built.

A county council report says that the impact of a gasfield development on Lancashire's economy should not be overstated but indicates that two to three thousand jobs might be created locally. That might prove to be a high figure.

The report also suggests that this development together with the Heysham II nuclear power stations construction project, new sea traffic to and from the port Heysham and the planned science park at Lancaster University may herald the start of economic upturn in that part of North Lancashire.

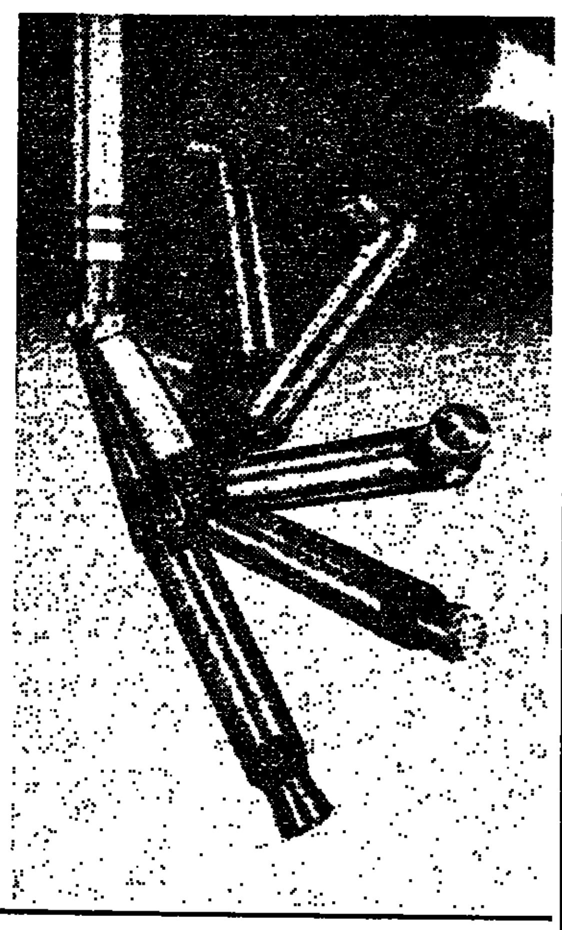
British Gas is using Fleetwood, Heysham and Blackpool for some of the Morecambe Bay operations. Eleven energy related companies have set up businesses in Lancashire based on the gasfield development, seven in Heysham three in Lancaster and one at Halton.

The offshore maintenance and supply base now being built at Heysham will require up to 125 workers. The estimated 250 people to be employed on offshore installations when full production is reached are likely to be largely recruited from outside Lancashire though some might wish to settle in the county.

A number of local companies in Fleetwood have formed consortia of offshore marine and general engineering industries. County planners are hoping more British Gas suppliers will be tempted to set up operations at Heysham.

**Nick Garnett**

*Britain's largest slug catcher at the Barrow terminal of the Morecambe field. The catcher, installed by Press Construction under contract to Vickers Shipbuilding and Engineering, is erected on a 1:200 incline to trap heavy condensate in the gas as it is brought ashore. The 42-in diameter pipes are 1,000 ft long. Press Construction is part of the AMEC group.*



Left: Youngsters being trained to meet the high technology demands of today at one of Lancashire's Information Technology Centres. Above: A Dainichi Sykes' engineer programmes a DAROS PT600 robot. This robot is used in the company's automated arc-welding system which produces frames for specialised hospital beds. Right: Taylor Hitec's Advanced Manipulator which has recently been supplied to the CEGB Marchwood Research Laboratories

New companies take share of markets for robotics and nuclear engineering

# County attracts high technology firms

**"NEW TECHNOLOGY is not new to Lancashire. From the early days of the industrial revolution onwards, the county's industries have been noted for technological innovation. So when we talk about high technology we are concerned not only with new industries, but with the application of advanced techniques to established ones."**

By ALAN PIKE

This comment by Mr Jim Longworth, Lancashire County Council's industrial development officer, usually places the county's efforts to attract advanced technology companies against a broader background.

With groups like British Aerospace, Lucas Aerospace, Rolls-Royce and British Nuclear Fuels among the area's major employers, the development and application of new technology is a relatively taken-for-granted aspect of industrial life.

## Advantages

One of the advantages of this—as high technology organisations recently arriving in the county have discovered—is that the workforce is flexible and well-initiated in advanced engineering.

One of the best-known of the new companies Dainichi-Sykes Robotics, a wholly British-owned company, was formed exactly three years ago out of an agreement between the Sykes Group and Dainichi Kiko of Japan. Dainichi-Sykes, which occupies three factories at Bamber Bridge, Preston, represented the first technology transfer agreement between the Japanese robotics industry and a UK company.

Dainichi-Sykes imports Dainichi robots from Japan and then designs and installs advanced automated manufacturing systems tailor-made to individual customers' needs.

Two notable developments since the formation of Dainichi-Sykes are a technology transfer agreement for the introduction of advanced automated manufacturing technology into Jaguar Cars factories over the next five years, and a tripartite agreement on technical development and distribution between Dainichi Kiko, Dainichi-Sykes and the French Thomson-Brandt.

Dainichi-Sykes's highly-qualified staff — the company describes its team of automation engineers as among the most experienced industrial robot specialists in Europe — has grown rapidly. The team is now 90-strong compared with 60 in October, and employment is expected to reach 120 by the middle of this year.

Another advanced technology company to have doubled its staff over the past 18 months—to a present total of 42—is Taylor Hitec at Chorley. The company is involved in advanced engineering technology in the fields of nuclear reactors, robotic applications and flexible manufacturing systems.

In spite of the growth of his own company Mr Derrick Hunter, managing director of Taylor Hitec, is concerned that more action is necessary to stimulate the development of new technologies in UK manufacturing industry.

He seeks a programme of education extending from the Government and Whitehall to management and unions. "If this country ignores the technical revolutions then other developed nations will simply romp ahead."

A management buyout relaunched another of the county's high technology companies as NIC Engineering a year ago. Six former managers took over the company from B & R Taylor with support from Lancashire Enterprises, an investment and economic development agency established in the country in 1982.

## High-powered

NIS Engineering has a high reputation in the nuclear industry for its radioactive waste management activities, and the buyout—which kept a well-established specialists team intact—was welcomed by customers.

About 60 per cent of the Chorley-based company's activities (in turnover terms) are related to nuclear engineering. Other activities include the industrial application of medium and high-powered lasers.

NIS Engineering relaunched with a 45-strong workforce, compared with a maximum of 120 in the previous company. But this has since risen to 86, and plans are being made for further growth.

Computer Applications, another Chorley-based company, is a software house specialising in interactive computer systems. The company, formed in 1976, offers specialised systems for estate agents, neswpapers and distributive industries. Computer Applications, which added a southern office in Berkshire two years ago, now employs 15 people and has 50 customers nationwide.

ancashire industrial development officials expect the development of the Morecambe gasfield to add to the county's reputation for taking advanced technology in its stride within established industries.

Industrial estates in many parts of the county are being developed with the particular requirements of high technology companies in mind. And later this year work will go ahead on a small science park at Lancaster University.

## Training

One of the principal activities of the county council—supported Lancashire Enterprises—in addition to promoting economic development and providing industrial premises for smaller businesses—is to encourage training associated with the needs of new technology industries.

This activity has included the promotion of Lancashire's first Information Technology Centres (ITECs), jointly funded by Lancashire Enterprises, local authorities, the Manpower Services Commission and the Department of Trade and Industry.

ITECs are either established or being considered at Preston, Burnley, Blackburn, Skelmersdale, Lancaster and Blackpool.

# End of an era for new towns

TWENTY YEARS can be a long time in the life of a new town. Skelmersdale Development Corporation, which saw its first new home occupied and its first new factory in production in 1964, is now winding down in preparation for its disappearance at the end of next March.

Lancashire's other new town, Central Lancashire, which came later and inherited a sizable existing population in the three established centres of Preston, Chorley and Leyland, will see its development corporation cease operations at the end of 1985.

## Growth point

Skelmersdale was designated to ease the population pressures on Liverpool and Central Lancashire to create a new regional growth point to counter the pull of the North-West's two dominant connurbations.

Much has happened in the intervening years to influence the shape and pace of development — economically, industrially and politically. Birthrates have fallen and previously crowded cities have been forced to go on revising, sometimes painfully, their population projections downwards.

Again this background of wide-ranging change, the scale of which could hardly have been anticipated at the time of their designation, both Lancashire new towns can claim positive achievements.

At the same time it is probably true to say that when new industry of any size is scarce, the new towns, boosted by promotional budgets outstripping those of older neighbours, have come to be seen increasingly as competitors armed with an unfair advantage.

A little over a year ago both new town corporations were fretting over the uncertainty surrounding the ownership and administration of their assets after 1985, claiming it was undermining confidence among potential private sector investors and staff. That has since been resolved.

Skelmersdale's rented housing stock, totalling more than 7,000, is to be transferred from its development corporation to West Lancashire District Council. Building of new housing for rent for general need has already been halted. Central Lancashire, with a rented housing stock of nearly 5,000, is set to dispose of at least a quarter, and possibly more, to a housing association rather than a local authority in the first transfer of its kind by a new town, a departure supported by nearly 80 per cent of its tenants.

Selling off modern industrial and commercial assets might also have been straightforward in a buoyant industrial property market, but not at a time of damped down demand. Skelmersdale has sold a number of freehold reversions involving industrial occupiers, but its experience to date suggests limited interest by the majority of tenants in acquiring their premises.

"The average small firm seems happier renting than tying up its capital in buildings," says Tim Bradbury, development corporation managing director. Of the 137,000 sq m of industrial accommodation in direct ownership of the corporation — out of a total in excess of 400,000 sq m built in the new town — around 40,000 sq m is at present unoccupied.

Richard Phelps, general manager at Central Lancashire, says the reaction of national institutions, and their investment bias towards the south, is disappointing. In contrast, there were indications of a positive attitude on the part of regional sources of finance.

Paradoxically, with little more than 18 months left to the development corporation, he points out that investment in the new town is continuing at a high level.

## High level

Although building of housing for rent has virtually stopped, the level of activity by private housing developers on corporation sites continues to run at a high level. A record 1,000 new homes for sale have been completed in the year 1983-84 and more than 30 national and local developers are busy on corporation sites.

Both new towns have had to adjust to a situation in which industrial property demand has centred on small units, leaving standard factories difficult to move, although in Central Lancashire Richard Phelps identifies tentative signs of reviving interest in larger buildings.

Last year's lettings at Central Lancashire totalled nearly 300,000 sq ft, but the net figure was only 100,000 sq ft because 59 new lettings were offset by more than 30 closures.

The figures illustrate the problems both new towns have encountered, as others elsewhere, in a period of recession which has slowed progress and growth momentum.

Against a changed background and changed objectives since Skelmersdale was designated a new town, Tim Bradbury considers his corporation has kept job losses to a minimum and has "reasonably met what was required of it." But it still leaves Skelmersdale with one of the highest unemployment rates in the North.

By the end of 1985 Central Lancashire will be able to claim that it has gained 300 new factories with the letting of more than 2m sq ft of space during its period of development as a new town.

Substantial progress has been made in both public and private housing and a significant impact made in urban renewal, marking an innovation for a new town development corporation.

**Tom Heaney**

# Expanding role for polytechnic

LANCASHIRE POLYTECHNIC will enter the world on September 1. It will not be a new institution but Preston Polytechnic with a new name. The change, however, is not being made lightly: it symbolises important developments.

Mr Eric Robinson, its new director, is urging the polytechnic to an ever-wider role in the whole Lancashire community. This is hardly surprising: in the 1960s Mr Robinson, then a lecturers' national trade union leader, was a prominent advocate of setting up Britain's polytechnics—at a time when there was great controversy about them.

He saw them as potentially more responsive than universities to the economic and social needs of the communities around them. Critics saw them as a means of expanding higher education on the cheap. Mr Robinson's book, "The New Polytechnics," published in 1968, was an important defence of the concept.

If the polytechnics have in fact proved a cheap means of getting more people into higher education, Preston's has done it more effectively than any other. With running expenses of £2,596 per full-time student, it is top of the cost-effectiveness league, £325 better than the national average and £1.048 less than the most expensive, North East London.

Such efficiency has led to something quite remarkable at a time when the Government is forcing most of Britain's polytechnics to cut costs by dropping courses and shedding lecturing jobs—Preston is being encouraged to expand.

## Security

It helped, of course, that Lancashire needed such an institution playing the role polytechnics were meant for—and there is no other in the county. The facts that Preston basically had its house in order and, since Mr Robinson arrived in 1982, has been more firmly committed than ever to community involvement, helped to keep the axe away.

The security that the polytechnic enjoys means that Lancashire's infrastructure of higher education is more firmly based than that of some other places. The county has a university at Lancaster, a polytechnic at Preston and a network of regional, area, and local colleges in other towns.

Good roads and motorways guarantee easy access from all over the county, so that the polytechnic supports 2,500 part-time students, most of them adults and on courses leading to degrees—business studies is but one—professional qualifications, or even special certificates in subjects such as criminology for policemen, probation officers and magistrates.

Full-time and sandwich courses have 3,500 students, about 2,100 of them taking degrees and the rest vocational or professional qualifications. Unusual options include graphics and fashion in a school of art and design, the graphic course being recognised as outstanding nationally.

Recent developments include a business and industrial centre, set up both to create a single point of contact for industry, commerce and the public sector, and streamline

Mr Eric Robinson, Director of Preston Polytechnic: firmly committed to community involvement

the polytechnic's response to queries and problems.

The new centre offers consultancy, short courses and conferences, a student placement service and production of educational and training materials.

The polytechnic has also been preferred over Liverpool and Manchester to lead the development of information technology courses in the North West. In addition, it has recently established a robotics centre and the Government has approved a team of staff as consultants in computer-aided design and manufacturing (CAD/CAM).

Meanwhile, Lancaster University is continuing to build on close links with the region's industry. Its latest initiative is a business park—25,000 sq ft of flexible, multiple-use building on the campus next door to the school of management and organisational studies, itself one of the largest business schools in Europe.

This has been funded by English Estates and will come into use later this year. It is for "seed bed" units for business and high-technology ventures.

Although, like any university, Lancaster has a strong national and international outlook, it has worked hard at becoming an integral part of the regional economic community. This even extends to having a large sign saying "Visitors Welcome" at the way in from the A6.

At the more obscure level, the departments of religious studies and politics offer advice to North West companies on trading in different cultural and political climates, but usually it is the university's well-established expertise in such fields as management, accounting and finance, marketing, computing, organisational behaviour, and the sciences which are in most demand.

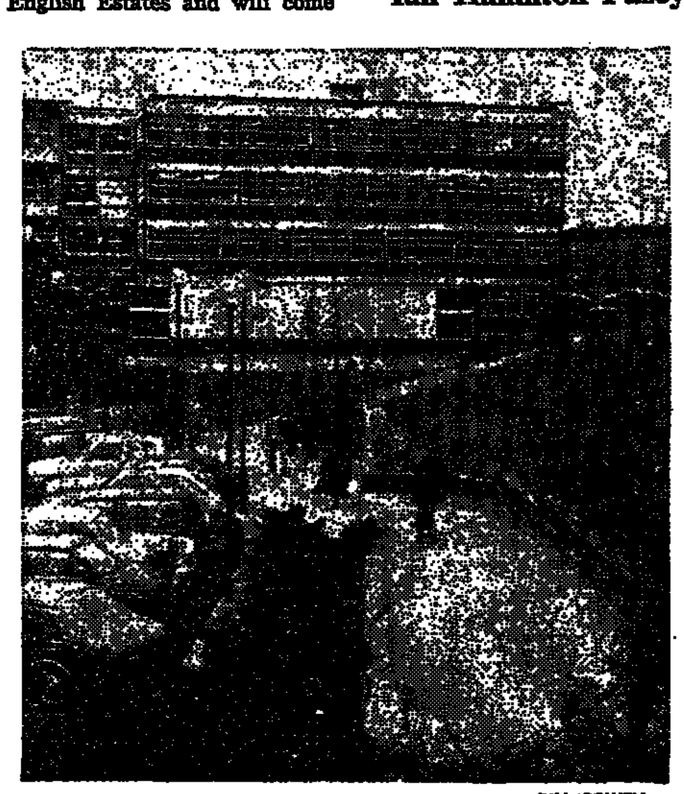
## Components

For example, important, government-funded research is now under way to study the impact of the Morecambe Bay gas field on local companies and the markets it is creating. Another project, with Leyland Trucks, is looking at ways of improving the design of components so as to reduce costs while improving quality.

Another saw a new instrument developed by Dorman Smith Switchgear to measure short-circuit currents. Sales of this have been 20 per cent up on forecast in its first year on the market.

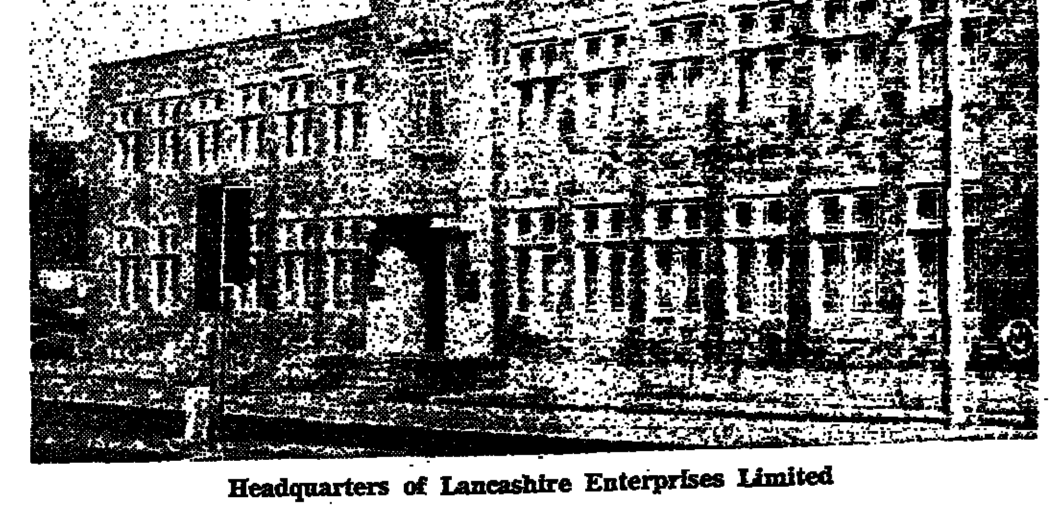
Significantly, Lancaster was the last university established in Britain—in 1964—while 10 years later the last polytechnic to be designated was Preston's. Neither has the traditions that could possibly have made them ivory towers, which may well be why both have survived the national squeeze on educational expenditure so well.

**Ian Hamilton Fazey**



BILL COWELL

Preston Polytechnic, soon to be renamed Lancashire Polytechnic, seen from the main campus



Headquarters of Lancashire Enterprises Limited

PROFILE: LANCASHIRE ENTERPRISES

# Profit-maker runs into controversy

STRONG PASSIONS have been inflamed by Lancashire Enterprises Limited, universally known throughout the county by its acronym LEL. The company—and that is exactly what it is—is what Lancashire has instead of a conventional industrial development office.

If the county had to rely exclusively on one of the latter, the controversy would probably be nowhere near so great.

It was the comparative impotence of local authorities to create or save jobs that led to LEL. The idea did not come from the Labour leaders who took power in Lancashire three years ago but from the "not-quite" private sector of the co-operative movement.

The man behind it was, and still is, Mr Jim Mason, deputy chairman of the Co-op Bank, and vice-chairman of the Co-operative Wholesale Society. During its formative years he was chairman of Warrington New Town—widely acknowledged as one of Britain's most successful—so he could claim, rightly, some knowledge of industrial development.

## Survival

Mr Mason is now also the chairman of LEL, although he does not expect to remain so if the Conservatives regain control of the council. LEL, though, would probably survive.

One reason is that by April 1985 it will have committed over £11m of ratepayers' money to industrial development and training in Lancashire. The quickest way to lose the money would be to kill off LEL, but persevering with the experiment will see the money making more money, for what is impressive about LEL is that it is a profit-making company in its own right.

Indeed, an unknowing stranger could be forgiven for thinking that it must have been a Conservative idea, especially since the detailed proposals were worked out by the Manchester management consultants Collinson Grant, a company well-known for its advocacy of managerial resolve,

Mr Jim Mason, chairman of LEL: it was given a co-operative launch

if not hawkishness.

The way LEL works is that it is an independent limited company owned by Lancashire County Council, and using monies lent by the council for investment in industrial development. The investments might be in buildings—such as old, disused mills bought to be turned into workshops or training centres—equity in local companies to help finance expansion, or share or loan capital put into other companies to assist management buy-outs.

This is crucially further than local authorities can usually take industrial development, for it means that LEL can become involved in marketing and management rather than be confined to promotional work, or the handing out of grants—usually in tightly constrained circumstances — or limited brokerage with bodies such as central government or financial institutions.

LEL can function as a merchant bank, an estate agent, a development agency, a management consultant, an institutional investor or a member of an assisted company's board. The advantage to the ratepayers is that their money, technically at least, is never lost—certainly no more so than, say, pension fund money invested in a new building.

Conventionally, local authorities (or even the Government) would disburse money for industrial development as grants which they would never see again and certainly have no hope of it generating future income for the donor.

In LEL's case the money it uses is capitalised as part of its own assets. Mr Mason says: "The point is that the money does not disappear but generates income to help pay for future job creation, as well as saving jobs."

The proof of the pudding came last November with LEL's first-half accounts for its second year, when LEL declared a profit of £12,000. It lost £125,000 in its first year but Mr Mason says that this was budgeted for and that cumulative trading deficits are now well on the way to be being wiped out by profitability.

About £2.7m of ratepayers' money was given to LEL for investment in its first year, followed by another £4m in 1983-84, with £4.65m budgeted for the current year. Several hundred jobs are claimed to have been saved, at a "cost" (remember, the money has been capitalised) of about £4,000 each.

This compares with Government estimates of up to £35,000 per job created under conventional industrial development strategies. In LEL's case it has counted saving jobs as potentially more rewarding than creating them from scratch, hence its strong commitment to management buy-outs.

LEL, however, has already proved itself to be no soft touch: since it has to make money itself it has been very careful about whom it will back. It claims to have turned away nine out of every 10 requests for help. Most companies it has supported have been in such high-technology fields as precision engineering, polymer chemistry, and nuclear waste management.

## Workshops

The property it has bought has been spread throughout the county so as to provide a centre for workshops, training, small companies or offices in each town. It has also worked hard at getting Icelandic trawlers to sell catches at Fleetwood and to pull together the town's fragmented industry into a market-oriented fish merchanting and distribution centre.

This last effort has antagonised some of the older Fleetwood companies, but the industry was on the verge of collapse when LEL became involved two years ago and would probably have gone by now.

Other controversy has raged about confidentiality. Mr Mason insisted that for LEL to function as a private company it could not risk its decisions becoming political footballs to be kicked around the council chamber. Councillors on its board were told they could not report back to their caucuses.

The Conservatives promptly resigned. However, they have been careful not to pledge abolition of LEL if they regain power. For the reality is that the experiment appears to have worked, while attempts to secure private investment in regeneration, such as an experimental enterprise fund launched by the Government in January in the Rossendale Valley, have failed.

Other experiments, such as the Government's start-up scheme for individuals—which pays a wage for them to establish themselves as self-employed, instead of the legally enforced idleness of the dole—started in North East Lancashire and have been extended nationwide.

Cool evaluation suggests that the LEL experiment, too, must surely be a candidate for similar treatment. Perhaps it would have been by now had a Conservative council thought it up.

**I. H. F.**

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# UK COMPANY NEWS



## Clayton Son loss reduced to £0.16m

Reduced pre-tax losses of £160,000 against £575,000 have been produced by Clayton, Son & Co (Holdings) for 1983. Turnover of this Leeds-based engineer improved from £11.59m to £12.18m.

The net final dividend is 3p (5.068p) and is also the total for the year, which is a reduction on the 6p paid previously. Losses per 50p share rose from 10.57p to 11.61p.

At the halfway stage pre-tax losses were down from £604,000 to £155,000 and the directors said they expected the improvement on the previous year's results to continue.

Pre-tax losses for the year included UK and overseas associate profits of £72,000 (£103,000) — group losses in the UK came to £232,000 (£678,000).

Tax came to £118,000 (credit £298,000). There was a minority debit of £12,000 (credit £12,000).

## FT Share Information

The following securities have been added to the FT Share Information Service.

**Burmatex** (Section: Textiles); **CPS Computer Group** (Electricals); **Hanson Trust 8% Conv. Uns. Loan Stock 2004/09** (Industrials); **L.P.A. Industries** (Electricals); **Morgan Communications** (Newspapers, Publishers); **Our Price** (Leisure); **Scantronic Holdings** (Electricals).

## Britoil sees stable production and year of consolidation

A YEAR of consolidation in 1984 was predicted by Sir Philip Shelbourne for Britoil at the annual meeting. He told members: "So far as 1984 is concerned, it is too early in the year to make any firm forecast but we expect production to remain fairly stable."

Sir Philip pointed out that oil prices were crucial to the group and after the hard winter in North America he said they were remaining firm in the second quarter which was normally a period of slack demand.

The risks in relation to price were obvious, said Sir Philip, but with demand strengthening following world economic recovery and continuing political uncertainty in the Gulf area he remained hopeful that the current dollar price level would be maintained over the year ahead.

The critical question of the level of sterling against the dollar remained open but it was too "complex and uncertain" for Sir Philip to make useful comment on.

As already known pre-tax profits of this oil and gas producer amounted to £586.2m compared with £514.2m on turnover of £1.2bn against £1.09bn for 1983.

Commenting on recent developments Sir Philip said that the group had been pleased to conclude negotiations for the construction of the Scott Lithgow rig. The new arrangement provided for delivery in spring 1986 but, however, on much the same terms as before notice had been given to cancel the contract last December, following delays in construction.

## Towles profits fall but payment maintained

Towles, a manufacturer of hosiery and knitwear, suffered a fall in full year pre-tax profits from £375,000 to £334,000 on higher turnover of £13.38m, against £12.3m.

Gross profits were higher at £2.36m (£2.19m) but distribution costs rose to £320,000 (£268,000) and administration expenses accounted for more at £1.65m (£1.51m). Other income added £20,000 (£25,000) and interest payable was £79,000 (£63,000). Depreciation came to £223,000 (£198,000) and auditor's remuneration was £10,000 (£9,000).

The dividend is held at 2.4p net per share with earnings on a net basis shown as 11.5p (15.18p), or 12.26p (15.18p) on a nil basis.

Tax payable was £48,000 and there was a £745,000 transfer to deferred tax in respect of prior years.

## Downiebrae £19,000 deficit

Losses continued at Glasgow-based metal merchant **Downiebrae Holdings** with the year-end pre-tax deficit amounting to £19,000, compared with profits of 161,000, for 1983. At the halfway stage losses came to £7,000 against £53,000 profits.

The outlook for 1984 continues to be gloomy, say the directors, with continuing cutbacks and liquidations in the engineering industry. The mines dispute has resulted in a marked reduction in order intake. As indicated in the interim report, further rationalisation would be necessary if demand remained weak.

There is no dividend for the year against a single 0.3p final payment last time. Losses per 10p share came to 0.3p (0.6p earnings).

Turnover amounted to £3.52m (£3.59m).

## North Broken Hill strike gives £2.3m loss in third quarter

BY GEORGE MILLING-STANLEY

THE CONTINUING strike at the Broken Hill silver, lead and zinc mines in New South Wales has given **North Broken Hill Holdings** one of the main operating companies, a loss of A$3.38m (£2.25m) from its mining operations in the latest quarter.

This gave the company a loss on mining of A$2.49m in the 40 weeks to April 7 compared with profits in the corresponding period of 1983 of A$4.07m.

North Broken Hill said that lower prices for lead and silver also contributed to the deficit, although these were offset to some extent by an increase in the zinc price.

The company suspended operations at its North Mine on March 28 as a result of the dispute, and the industrial commission for New South Wales has ordered both sides to start a compulsory conference in an attempt to resolve the dispute this week.

**Associated Pulp and Paper Mills**, acquired last year, improved its profits to A$31.38m in the 40 weeks, so that North Broken Hill closed the period with a net profit of A$23.84m, up from A$13.12m the previous year.

Separately, North Broken Hill announced a joint venture agreement with **Shell Australia** over the Collingwood tin project near Cooktown northern Queensland. North is spending an undisclosed sum on funding and co-ordinating a three-year exploration programme, and will earn a 50 per cent interest in all the areas held by Shell.

Any future mine development will be carried out as a joint venture.

## COMPANY NEWS IN BRIEF

Taxable profits at **Wire & Plastic Products** rose from £222,000 to £270,000 in calendar 1983.

But the company failed to maintain the rate of improvement in the second half, when profits were adversely affected by the rise in the world price of aluminium.

The final dividend is 1.1p (1p) to give an increased total of 2.1p (1.9p).

Turnover was up from £2.88m to £3.35m. The accounts will include a provision for bad debt of nearly £33,000 (under £5,000).

Tax took £119,000 (£115,000). Earnings per share were 4.15p (3.01p).

* * *

Net income at **Aberdeen Trust** emerged at £1.11m against £1.06m for the six months to the end of March 1984. Net asset value came to 174.5p against 154.9p — at the end of the last full year the figure was 163.8p.

The net interim dividend has been lifted from 1.6p to 1.8p — the directors anticipate a final dividend at least maintained at 3p. Earnings per 25p share came to 2.13p (2.05p).

Total income for the six months came to £2.48m compared with £1.65m. Pre-tax profits were struck after interest and expenses of £824,000 (£176,000). Tax amounted to £1.07m (£1.02m).



## BOARD MEETINGS

TODAY

**Interims:** Atlanta Investment Trust, Bellway, "W" Ribbons, Windsor Securities.

**Finals:** British Investment Trust, Foseco Minsep, Grovebell, Hammerson Property Investment and Development, Kwik-Fit (Tyres and Exhausts), P. & W. MacLellan, Marlborough Property, John Menzies, Pentland Industries, Ropner, Singapore Para Rubber Estates, United Friendly Insurance.

FUTURE DATES

**Interims:**

| | |
|---|---|
| Associated Paper Ind | May 9 |
| BOC | May 10 |
| Cronite | May 23 |
| Greenall Whitley | May 17 |
| Pochin's | May 2 |
| Royal Bank of Scotland | May 10 |
| Swindon Private Hospital | May 4 |

**Finals:**

| | |
|---|---|
| Bishopsgate Trust | May 21 |
| British Inv Tst | Apr 30 |
| Cater Allen | May 24 |
| Central and Sheerwood | May 30 |
| City of Oxford Inv Tst | May 16 |
| European Ferries | May 9 |
| First Castle Electronics | May 1 |
| Heath (C. E.) | May 17 |
| Holt Lloyd Intnl | May 10 |
| Midland Marts | May 4 |
| Tern-Consulate | †May 11 |

† Amended

## MINING NEWS IN BRIEF

Improved copper prices in the first quarter of this year have enabled **Newmont Mining** of the U.S. to reverse the write-down in the value of stocks effected in the final three months of 1983.

The net result is that the big U.S. copper producer has emerged from the first quarter of 1984 with net profits of U.S.$11.8m (£8.3m), after an extraordinary gain of $6.6m from the adjustment to the value of copper stocks held by **Magma Copper**, a wholly-owned subsidiary.

The latest profit compares with $960,000 in the closing three months of last year, after a $6.7m write-down at Magma, and profits of $18.84m in the first quarter of 1983.

Newmont has also announced that its wholly-owned **Pinto Valley Copper** mine in Arizona is to resume operations, reaching full production by June. Pinto Valley was bought from **Cities Service** in March last year, and has been closed since August 1982.

London's **Consolidated Gold Fields** holds about 26 per cent of Newmont.

* * *

AFTER having almost trebled its 1983 earnings to C$51.1m (£28.3m) **Rio Algom**, the **Rio Tinto-Zinc** group's Canadian arm has started 1984 well with a first quarter net profit of C$16.02m (£8.88m).

This follows earnings of C$15.95m in the final quarter of last year and goes against C$6.05m in the first quarter of 1983.

Compared with a year ago, the latest earnings reflect a general improvement in operations with the exception of the 68.1 per cent-owned **Lornex** copper-molybdenum mine which incurred a loss as a result of low copper and silver prices and reduced output.

* * *

The latest quarterly report from South Africa's **Golden Dumps**, the company which now controls the old Consolidated Modderfontein and South Roodepoort Main Reef Areas gold mines, shows that both mines made good progress in the three months to the end of March.

Modderfontein's net profit for the quarter jumped to R4.86m (£2.75m) from the December period's R2.27m, while South Roodepoort advanced from R507,000 to R1.76m.

Both operations benefited from the higher average gold price in terms of South African currency, better ore grades and an increased tonnage, which helped to reduce unit costs. Modderfontein's grade went up from 5.12 grammes of gold per tonne to 6.08 grammes, while South Roodepoort produced at 4.75 grammes compared with 4.49 grammes.

## SHARE STAKES

**Lyon & Lyon**—As a result of recent sales the interest of the Prudential Corp Group is now 279,500 ordinary (8.73 per cent) held in the names of Prudential nominees—122,000 and Kingman nominees—157,500.

**The British Petroleum Company**—GRE Nominees, a subsidiary of Guardian Royal Exchange Ass, has acquired 70,000 9 per cent cumulative second preferential shares increasing holding to 673,500 shares (12.30 per cent).

**British Tar Products**—Following the conversion of the National Coal Board Pensions Fund Nominees loan stock holding in British Tar to ordinary shares on March 20, the holdings of the fund has increased from 1,750,482 to 3,020,322 shares and from 8.82 per cent to 13.63 per cent.

**TV South**—A. J. Gatward, a director, has sold 200,000 ordinary, non-voting shares and a company of which Mrs E. G. Libby, a director, has sold 125,000 ordinary non-voting

**London and Manchester Securities**—J. D. P. Cullett, a director, has transferred 72,000 ordinary shares to discretionary trusts.

**Gold and Base Metals Mines**—Jantar, purchased 50,000 shares, increasing total holding to 1,212,495 shares (19.68 per cent).

**Micro Business Systems**—M. J. Brooke, a director, sold 175,000 ordinary shares altering total holding to 2,830,840 shares (18.66 per cent) and W. S. C. Richards, a director, sold 238,000 ordinary shares reducing total holding to 4,666,160 shares (30.75 per cent).

**Standard Securities**—G. W. Leigh, a director, has purchased 25,000 ordinary shares to be held non-beneficially.





## FINANCIAL TIMES STOCK INDICES

| | Apr. 27 | Apr. 26 | Apr. 25 | Apr. 24 | Apr. 19 | Apr. 18 | 1984 High | 1984 Low | Since Compilatn High | Since Compilatn Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs. | 81.98 | 82.07 | 82.02 | 81.86 | 81.68 | 81.94 | 83.77 | 81.68 | 127.4 | 49.18 |
| Fixed Interest | 86.24 | 86.30 | 86.27 | 86.36 | 86.51 | 86.31 | 87.48 | 86.24 | 150.4 | 50.53 |
| Industrial Ord | 908.0 | 899.1 | 887.6 | 876.2 | 880.0 | 888.6 | 908.0 | 770.3 | 908.0 | 49.4 |
| Gold Mines | 684.4 | 693.9 | 688.0 | 686.1 | 683.2 | 679.4 | 711.7 | 520.2 | 734.7 | 43.5 |
| FT Act. All-Share | 534.83 | 532.18 | 527.79 | 522.44 | 523.65 | 526.47 | 534.83 | 470.03 | 534.83 | 61.92 |
| FT-SE 100 | 1138.2 | 1130.9 | 1119.3 | 1105.4 | 1108.4 | 1116.2 | 1138.2 | 997.5 | 1138.2 | 997.5 |





# RECENT ISSUES

## EQUITIES

| Issue price | Amount paid up | Latest Renunc. date | 1984 High | 1984 Low | Stock | Closing price | + or – | Net Div. | Times Covered | Gross Yield | P.E. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 270 | 100 | 10/8 | 106 | 98 | Assoc Brit Ports | 99 | –1 | 8.5 | — | 4.5 | — |
| §15 | F.P. | — | £11 | £10 | Biotechnology Invs 2c | £10½ | +½ | FQ10c | — | 0.7 | — |
| §42 | F.P. | — | 48 | 43 | Birmingh'm Pallet 10p | 45 | –2 | u2.2 | 2.2 | 7.1 | 7 |
| §95 | F.P. | 10/5 | 195 | 145 | ✣Body Shop 5p | 180 | | b1.8 | 2.2 | 1.4 | 46 |
| 25 | F.P. | 13/4 | 23½ | 20½ | Cambrium Venture 5p | 20 | | — | — | — | — |
| 100 | F.P. | 3/5 | 105 | 97 | C. J. R. Pacific Inv. Tst | 105 | +1 | — | — | — | — |
| — | F.P. | 3/5 | 42 | 27 | Do. Warrants | 42 | +1 | — | — | — | — |
| ** | F.P. | — | 38 | 12½ | ✣Cluff Oil Warrants | 27 | –1 | — | — | — | — |
| ‖‖ | F.P. | — | 128 | 118 | Commerc'l Bk Wales £1 | 118 | | 7.6 | 2.1 | 9.1 | 6 |
| 120 | F.P. | 27/4 | 160 | 132 | Connells Estate Agts 5p | 135 | +3 | g2.8 | 2.3 | 3.0 | 20 |
| — | F.P. | — | 27 | 24 | Cons. Venture 120 W'rts | 17 | | — | — | — | — |
| §162 | F.P. | 4/4 | 177 | 170 | ✣Denmans Electrical | 175 | | u3.5 | 3.9 | 2.8 | 11 |
| — | F.P. | 10/5 | 41 | 37 | Eng. & Int'l Tst. War. | 37 | | — | — | — | — |
| 180 | F.P. | 11/5 | 205 | 195 | First Leisure Corp. £1 | 203 | | — | — | — | — |
| §114 | F.P. | 19/4 | 150 | 132 | ✣Formdesign 20p | 150 | | u6.0 | 2.1 | 4.2 | 13 |
| ‡US$5 | 40c | 18/5 | 24 | 20 | Fledgeling Japan 1c | 21 | | bg03.5 | 62.4 | 3.7 | 13 |
| †— | F.P. | 18/5 | 25 | 23 | Do. Warrants | 23 | | — | — | — | — |
| .75 | F.P. | 11/5 | 90 | 80 | ✣Havelock Europa 10p | 88 | | bg.16 | 2.4 | 2.6 | 20 |
| *156 | F.P. | 17/4 | 118 | 83 | ✣Horne (Robert) 20p | 117 | –1 | u2.46 | 5.5 | 3.0 | 14 |
| — | F.P. | 17/4 | 109 | 78 | Do. N.V 'A' 20p | 109 | | u2.46 | 3.3 | 3.2 | 13 |
| §130 | F.P. | 11/5 | 167 | 140 | ✣Meadow F'm Prod 10p | 157 | +3 | bg3.85 | 2.7 | 3.3 | 12 |
| 125 | F.P. | 10/5 | 120 | 102 | ✣Nth Sea & Gen. Oil £1 | 110 | | — | — | — | — |
| §52 | F.P. | 27/4 | 80 | 57 | Osprey Communic'tns | 57 | | N1.0 | — | 2.5 | — |
| §80 | F.P. | 25/5 | 104 | 101 | ✣Pantherella | 103 | | u3.3 | 2.5 | 4.6 | 12 |
| ¶125 | F.P. | 13/4 | 348 | 140 | Petranol 10p | 340 | –8 | — | — | — | — |
| ‖ | F.P. | — | 278 | 265 | Plantation & Gen Invs | 275 | | 4.0 | 3.1 | 2.1 | 16 |
| §120 | F.P. | 13/4 | 155 | 138 | ✣Platon Intl. | 140 | | bg1.64 | 5.5 | 1.7 | 11 |
| 160 | F.P. | 13/4 | 255 | 225 | ✣Powerline Int'l. 5p | 254 | +4 | bg1.4 | 3.9 | 0.8 | 47 |
| §70 | F.P. | 25/5 | 100 | 90 | ✣Ramco Oil Ser's 10p | 98 | | u0.7 | 5.3 | 1.0 | 18 |
| 160 | F.P. | 26/4 | 305 | 230 | Robertson Res'rch 10p | 247 | –1 | bg3.0 | 2.9 | 1.7 | 27 |
| 270 | F.P. | 19/4 | 500 | 410 | Systems Reliabil'y 10p | 470 | | g5.76 | 2.9 | 1.2 | 38 |
| §145 | F.P. | 27/4 | 192 | 168 | ✣Tod (W. & J.) 5p | 175 | | bg2.5 | 2.1 | 2.0 | 28 |
| — | F.P. | — | 41½ | 34 | Utd. Biscuits Warr'nts | 41½ | +3 | — | — | — | — |

## FIXED INTEREST STOCKS

| Issue price £ | Amount paid up | Latest Renunc. date | 1984 High | 1984 Low | Stock | Closing price £ | + or – |
|---|---|---|---|---|---|---|---|
| 98.19 | £25 | 27/7 | 25⅞ | 25½ | Border & S'thern 11½% Deb. Stk. 2014 | 25⅞ | +¼ |
| 97.072 | £25 | 1/7 | 28⅝ | 25¼ | Brixton Est. 11¼pc 1st Mort. Deb. 2025 | 27½ | ... |
| £100 | F.P. | 10/5 | 93½ | 91¼ | Eng. & Intl. Tst. 10% Deb. 2014 | 92½ | ... |
| 98.043 | £30 | 26/6 | 30⅝ | 29¼ | Finland 11½% Ln. 2009 | 29½ | –⅛ |
| ‖ | Nil | 15/6 | 22pm | 10pm | Home Charm 7½ Cnv. Uns. Ln. 1997 2004 | 11pm | ... |
| 99.714 | F.P. | 26/4 | 105¾ | 100 | Int. Bk. for Rec. & Dev. 11⅜% Ln. 2003 | 100½ | –⅛ |
| §95.711 | £35 | 15/6 | 27½ | 25½ | MEPC 10½pc 1st Mort. Deb. 2024 | 25½ | ... |
| — | F.P. | — | 100 | 99¾ | Nationwide 9¾% 25.5.85 | 99¾ | ... |
| — | F.P. | — | 100 | 100 | Do. 9¾% 15.4.85 | 100 | ... |
| §97.80 | £25 | 12/7 | 30½ | 25½ | Province de Quebec 12¼% Ln. 2020 | 28½ | –⅛ |
| 98.50 | £25 | 11/5 | 27¼ | 24¾ | TR City of London 11⅜pc Deb. 2014 | 26¾ | –⅛ |

## "RIGHTS" OFFERS

| Issue price | Amount paid up | Latest Renunc. date | 1984 High | 1984 Low | Stock | Closing price | + or – |
|---|---|---|---|---|---|---|---|
| 400 | F.P. | 17/5 | 553 | 480 | A. B. Electronic | 515 | –3 |
| 75 | Nil | 31/5 | 25pm | 24pm | Adsoom Intnl. 10p | 24pm | –1 |
| 215 | F.P. | 10/5 | 332 | 305 | Bowater £1 | 322 | ... |
| 98 | Nil | 15/6 | 15pm | 10pm | Brit. Car Auction 10p | 10pm | |
| A$7.5 | Nil | 2/5 | 268pm | 216pm | Broken Hill Prop. A$2 | 240pm | +9 |
| 70 | Nil | — | 10pm | 8½pm | Brown Boveri Kent | 10pm | |
| DM250 | Nil | — | 260pm | 250pm | Deutsche Bk. DM50 | 260pm | –10 |
| 95 | F.P. | 25/5 | 110 | 100 | Evered | 110 | |
| 450 | F.P. | 16/5 | 495 | 475 | Exco Intnl | 480 | |
| 205 | Nil | 23/5 | 64pm | 25pm | ✣Garfunkels Rest 10p | 60pm | +22 |
| 25 | Nil | 8/6 | 50 | 39 | Glanfield Lawrence | 50 | |
| 52 | Nil | — | 12pm | 11pm | Holt Lloyd Intnl. 10p | 12pm | |
| 40 | F.P. | 16/4 | 45 | 42 | Hemmed Bus. Systems 10p | 43 | |
| 25 | Nil | 7/6 | 3pm | 2½pm | ✣Intervision Video 10p | 3½pm | |
| 5 | Nil | 11/5 | 14pm | 12pm | Norfolk Cap. 5p | 13pm | |
| 25 | F.P. | 11/5 | 27 | 25½ | Sutcliffe Speakman | 25 | |
| 50 | F.P. | 12/4 | 82 | 62 | TSL Thermal Syndicate | 69 | +1 |

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. C Canadian. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Allotment letters (or fully-paid). ‖‖ Introduction. ✣ Unlisted Securities Market. § Placing price. †† Official London Listing. * Offered as units, comprising one ord and one N/V A ord. ‡Each unit comprises 5 shares and 1 warrant.

## PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

| | Date | Announcement last year |
|---|---|---|
| *Akroyd & Smithers | May 8 | Interim 4.0 |
| Allied-Lyons | June 1 | Final due |
| Anglo American Corp SA | June 1 | Final 75c |
| Anglo American Inv Tst. | Apr 14 | Final 440c |
| *Assoc Paper Inds | May 9 | Interim 1.2 |
| AB Foods | May 23 | Sec int 3.2 |
| Allied Irish Bank | May 25 | Final 4.5 |
| *ANZ | May 21 | Interim 14cts |
| Avon Rubber | May 25 | Interim 1 |
| *BOC | May 10 | Interim 2.73 |
| *Bank of Ireland | May 17 | Final 10.5 |
| *Bass | May 23 | Interim 2.93 |
| Beecham | June 2 | Final 5.0 |
| Boots | May 25 | Final 6 |
| *British Home Stores | May 8 | Final 3.5 |
| Capital and Counties | May 25 | Final 3 |
| Carless Capel | June 10 | Final 1.75 |
| *Cater Allen | May 24 | Final 19.95 |
| Coalite | June 1 | Final 3.5 |
| Costain | May 10 | Final 7.0 |
| Courtaulds | May 20 | Final 2.25 |
| *Debenhams | May 10 | Final 4.76 |
| De La Rue | June 1 | Final 16.9 |
| *Dubilier | May 2 | Interim 0.9 |
| Electronic Rentals | June 2 | Final 2.066 |
| Elliott (B.) | June 9 | Final nil |
| *European Ferries | May 9 | Final 2.35 |
| Extel | May 16 | Final 7.5 |
| *French Kier | May 1 | Final 3.6 |
| *Gerrard and National | May 10 | Final 14.0 |
| *Grand Metropolitan | May 15 | Interim 3.875 |
| *Great Portland Estates | June 8 | Final 4.0 |
| *Greenhall Whitley | May 17 | Interim 1.79 |
| *Hall (Matthew) | May 12 | Final 4.944 |
| *Hammerson Prop | Apr 30 | Final due |
| Harrison and Crosfield | June 2 | Final 23.5 |
| *Heath (C. E.) | May 17 | Final 3.75 |
| *Hepworth (J.) | May 1 | Interim 1.59 |
| Hickson Intl | June 2 | Interim 3.0 |
| Hill Samuel | June 8 | Final 6.3 |
| Inchcape | May 31 | Final 11.0 |
| Johnson Firth Brown | June 3 | Interim nil |
| *Laing (J.) | May 2 | Final 1.875 |
| Land Securities | May 19 | Final 6.25 |
| Laird Group | Apr 9 | Final 2.1 |
| Lloyds and Scottish | May 12 | Interim 1.0 |
| London and Northern | May 25 | Final 2.5 |
| MEPC | May 31 | Interim 2.0 |
| McCorquodale | June 7 | Interim 3.75 |
| *Marks and Spencer | May 1 | Final 3.25 |
| *Menzies (J.) | Apr 30 | Final 3.4 |
| Minster Assets | May 25 | Final 3 |
| Mowlem (John) | May 4 | Final 8.4 |
| *Northern Foods | June 20 | Interim 2.25 |
| Pegler-Hattersley | June 8 | Final 7.85 |
| Pilkington Bros | June 10 | Final 5.5 |
| Plessey | May 26 | Final 1.945 |
| Polly Peck | May 19 | Interim 9 |
| RHM | May 24 | Interim 1.624 |
| RHP | May 26 | Interim 2 |
| Reed Intl | June 7 | Final 10.0 |
| *Royal Bank of Scotland | May 10 | Interim 3.0 |
| Samuel (H.) | June 1 | Final 4.25 |
| Sainsbury (J.) | May 24 | Final 3.95 |
| Sears | May 10 | Final 2.1 |
| Simon Eng | Apr 25 | Final 9.25 |
| *600 Group | June 7 | Final due |
| Sketchley | June 7 | Final 8.4 |
| Smith (W.H.) | Apr 20 | Final 4.25 |
| *Tarmac | May 1 | Final 7.8 |
| Tate & Lyle | May 25 | Interim 4.5 |
| Trafalgar House | May 9 | Interim 4.0 |
| UEI | May 5 | Final 3.2 |
| *Vaux Breweries | May 10 | Interim 3.025 |
| Wearwell | May 17 | Interim 1.32 |
| Westland | June 8 | Interim 3.0 |
| Whessoe | May 11 | Interim 2.5 |
| Whitbread | May 17 | Final 3.75 |
| *Wolverhampton and Dudley Brews | May 24 | Interim 2.3 |

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

Closing prices April 27

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 22⅝ | 16¾ | KaisrAl | .60 | 3.8 | | 629 | 16⅛ | 16 | 16 | −⅛ |
| 83 | 65 | Kai | 57pf4.75 | 7.0 | | 1 | 68 | 68 | 68 | +1⅞ |
| 30⅝ | 18¾ | KaisCe | .20 | .9 | | 117 | 21⅝ | 21¼ | 21⅝ | +½ |
| 24¾ | 17¼ | KalC | pf1.37 | 6.9 | | 4 | 19¾ | 19¾ | 19¾ | |
| 21⅛ | 13½ | Kaneb | 1.04 | 6.6 | 9 | 743 | 16⅛ | 15¾ | 15¾ | −⅛ |
| 22¾ | 14¼ | KCtyP | s2.24 | 15. | 3 | 522 | 15 | 14⅞ | 14⅞ | −⅛ |
| 38½ | 32½ | KCPL | pf4.50 | 15. | | z490 | 31 | d31 | 31 | −2 |
| 20⅛ | 16½ | KCPL | pf2.33 | 14. | | 1 | 16⅛ | 16⅛ | 16⅛ | −½ |
| 74¾ | 40½ | KCSou | .56 | 1.9 | 11 | 146 | 45½ | 44⅞ | 45½ | +⅛ |
| 21⅞ | 14¼ | KanGE | 2.36 | 16. | 5 | 492 | 14⅝ | 14¼ | 14½ | |
| 30⅝ | 25⅞ | KanPLt | 2.76 | 9.3 | 5 | 81 | 29⅝ | 29⅝ | 29⅝ | +⅛ |
| 33⅞ | 13⅛ | Katyin | | | 13 | 166 | 25⅜ | 24½ | 25 | |
| 25¼ | 12⅞ | KaufBr | .40 | 3.2 | 8 | 78 | 13 | d12½ | 12½ | −⅜ |
| 20⅝ | 14⅞ | Kauf | pf1.50 | 10. | | 2 | 14½ | 14½ | 14½ | +⅛ |
| 35¼ | 25⅛ | Kellogg | 1.68 | 5.4 | 10 | 1089 | 31⅞ | 30⅝ | 31⅛ | +⅞ |

We regret that because of communications problems some of the quotations in the K and L sections of this list give 3pm and not closing prices.

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 43¼ | 21⅝ | KelIwd | 1 | 4.1 | 6 | 45 | 24⅝ | 24¼ | 24⅝ | +½ |
| 7¼ | 3⅝ | Kenai | | | | 7 | 3⅞ | 3⅞ | 3⅞ | +⅛ |
| 35¼ | 23⅞ | Kenmt | .72 | 2.5 | 48 | 37 | 28⅝ | 28⅝ | 28⅝ | |
| 24¼ | 20½ | KyUtil | 2.36 | 10. | 7 | 65 | 23 | 22¾ | 23 | |
| 19 | 13½ | KerrGl | .44 | 3.2 | | 239 | 13⅝ | 13½ | 13⅝ | +⅛ |
| 27¼ | 19¾ | KerG | pf1.70 | 7.9 | | 2 | 21½ | 21½ | 21½ | +¼ |
| 37⅞ | 27⅛ | KerrMc | 1.10 | 3.2 | 13 | 1130 | 34¼ | 33½ | 34¼ | +1 |
| 33 | 23¼ | KeyBk | s1.50 | 5.1 | 7 | 13 | 29⅝ | 29⅝ | 29⅝ | −⅜ |
| 6¾ | 4⅞ | KeyCn | n | | | 21 | 4⅞ | 4⅞ | 4⅞ | |
| 24¼ | 15 | Keyslnt | .48b | 3.0 | 17 | 220 | 15⅞ | 15⅞ | 15⅞ | −⅛ |
| 37 | 19 | Kidde | 1.15 | 4.1 | | 61 | 28¼ | 28 | 28 | −⅜ |
| 99 | 81⅝ | KimbCl | 4.40 | 5.3 | 10 | 118 | 85⅞ | 83⅝ | 83⅝ | −1⅞ |
| 30⅝ | 21¼ | KnghtR | s.64 | 2.6 | 14 | 595 | 25¼ | 25 | 25 | −⅜ |
| 28¾ | 21⅝ | Koger | 2 | 8.5 | 30 | 21 | 23½ | 23¼ | 23½ | +⅛ |
| 36¼ | 23⅞ | Kolmor | .32 | 1.1 | 25 | 97 | 28¾ | 28⅝ | 28¾ | +⅛ |

Continued on Page 27

# AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

*Closing prices April 27*

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | | | |

A — B—B—B — C—C—C — D—D—D — E—E—E — F—F—F — G—G—G — H—H—H — I—I—I — J—J—J — K—K—K — L—L—L — M—M—M — N—N—N — O—O—O — P—Q — R—R—R

Continued on Page 28

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 26

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | | | | |

R—R—R — S—S—S — T—T—T — U—U—U — V—V—V — W—W—W

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 17½ | 9 | Wyly | | | | 124 | 10⅛ | 10 | 10⅛ | |
| 22¼ | 15⅞ | Wynns | .60 | 3.3 | 10 | 32 | 18 | 18 | 18 | −½ |

## X—Y—Z

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 52¾ | 38⅝ | Xerox | 3 | 7.4 | 9 | 2885 | 40⅞ | 40⅛ | 40¾ | +⅝ |
| 53⅝ | 47 | Xerox | pf5.45 | 11 | | 153 | 48⅝ | 48½ | 48⅝ | +⅜ |
| 37 | 21⅛ | XTRA | | 2.6 | 12 | 147 | 24½ | 24 | 24½ | +¼ |
| 34 | 24 | ZaleCp | 1.26 | 5.0 | 10 | 12 | 25¼ | 25¼ | 25¼ | +½ |
| 24½ | 15⅛ | Zapata | .84 | 3.4 | 13 | 776 | u24⅞ | 24¼ | 24½ | +⅜ |
| 52¼ | 31¾ | Zayre | s.40b | 1.1 | 10 | 490 | 36½ | 35 | 35¾ | +¾ |
| 38⅝ | 16⅞ | ZenithE | | | 12 | 1145 | 30⅛ | 29⅜ | 29½ | +⅜ |
| 27⅞ | 19¼ | Zero | s.36 | 1.8 | 18 | 6 | 20⅜ | 20⅜ | 20⅜ | −⅛ |
| 37⅞ | 21⅛ | Zurnin | 1.32 | 5.4 | 11 | 31 | 24⅝ | 24⅛ | 24⅝ | +⅛ |

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

# WORLD STOCK MARKETS

## OVER-THE-COUNTER

*Nasdaq national market, closing prices April 27*

## AMERICAN STOCK EXCHANGE PRICES

Continued from Page 27

Continued on Page 29

## TORONTO

*Closing prices April 27*

## MONTREAL

*Closing prices April 27*

## DENMARK

| 1984 High | Low | April 27 | Price Knr. % |
|---|---|---|---|
| 480 | 325 | Aarhus Olie | 380 |
| 362 | 217 | Andelsbanken | 269 |
| 705 | 510 | Baltic Skand | 640 |
| 350 | 207 | CopHandelsbank | 268 |
| 850 | 600 | D. Sukkerfab | 665 |
| 335 | 205 | Danske Bank | 271 |
| 218 | 165 | East Asiatic | 178 |
| 1,250 | 850 | Forenede Brygg. | 985 |
| 196 | 150 | Forenede Damp. | 170 |
| 700 | 445 | GNT Hldg. | 525 |
| 735 | 615 | I.S.S.B. | 620 |
| 763 | 443 | Jyske Bank | 550 |
| 3,150 | 2,205 | Novo Ind. | 2,495 |
| 372 | 228 | Privatbanken | 270 |
| 370 | 282 | Provinsbanken | 359 |
| 300 | 217 | Smidth (F.) | 227 |
| 1,575 | 1,105 | Sophus Berend. | 1,190 |
| 588 | 460 | Superfos | 500 |

## NORWAY

| 1984 High | Low | April 27 | Price kroner |
|---|---|---|---|
| 167 | 143.5 | Bergens Bank | 165 |
| 340 | 215 | Borregaard | 318 |
| 182.5 | 151 | Christiania Bk. | 175 |
| 176 | 152 | Den Norsk Credit | 175 |
| 187.5 | 136 | Elkem | 187.5 |
| 317.5 | 252 | Norsk Data | 317.5 |
| 662 | 512.5 | Norsk Hydro | 662 |
| 246 | 186 | Storebrand | 222.5 |

## NETHERLANDS

| 1984 High | Low | April 13 | Price Fls |
|---|---|---|---|
| 215 | 180 | ACF Holding | 180.0 |
| 146 | 123 | AEGON | 127.5 |
| 236 | 187.8 | Ahold | 187.8 |
| 123.2 | 92.6 | AKZO | 93.0 |
| 445 | 373 | ABN | 379.0 |
| 183 | 146.6 | AMEV | 155.5 |
| 82 | 68.9 | AMRO | 69.2 |
| 222 | 190 | Bredero Cert. | 202 |
| 52 | 29.5 | Bos Kalis Westm | 31.1 |
| 75 | 61 | Buehrmann-Tet. | 67.0 |
| 41.5 | 34 | Calland Hldgs | 36.5 |
| 70.5 | 52.5 | Credit Lyon's Bk. | 57.7 |
| 99 | 84.5 | Elsevier-NDU nv. | 90.0 |
| 176.3 | 130.7 | Gist.-Brocades | 133.5 |
| 157 | 127 | Heineken | 132.2 |
| 60.9 | 46 | Hoogovens | 49.5 |
| 29.2 | 22.6 | Hunter Douglas | 26.9 |

## FRANCE

| 1984 High | Low | April 27 | Price Frs. |
|---|---|---|---|
| 1,999 | 1,746 | Emprunt 4½% 1973 | 1,820 |
| 10,020 | 9,089 | Emprunt 7% 1973 | 9,620 |
| 3,540 | 3,320 | CNE 3% | 3,480 |
| 576 | 507 | Air Liquide | 563 |
| 451 | 375 | BIC | 449.5 |

## JAPAN

| 1984 High | Low | April 27 | Price Yen |
|---|---|---|---|
| 1,170 | 980 | Ajinomoto | 1,160 |
| 2,860 | 2,430 | Alps Electric | 2,560 |
| 1,410 | 1,220 | Amada | 1,390 |
| 577 | 405 | Asahi Chem | 577 |
| 798 | 655 | Asahi Glass | 788 |
| 651 | 527 | Bridgestone | 607 |
| 1,610 | 1,300 | Canon | 1,340 |
| 1,530 | 1,240 | Casio Comp | 1,280 |
| 1,140 | 959 | Chugai Pharm | 1,053 |
| 709 | 575 | Citizen | 577 |
| 737 | 651 | Daiei | 700 |
| 1,150 | 895 | Dai Nippon Ptg | 1,100 |
| 553 | 465 | Daiwa House | 465 |
| 386 | 321 | Ebara | 326 |
| 1,380 | 1,070 | Eisai | 1,130 |
| 10,360 | 7,385 | Fanuc | 9,350 |
| 1,150 | 500 | Fuji Bank | 1,060 |
| 2,310 | 1,690 | Fuji Film | 1,743 |
| 907 | 762 | Fujisawa | 798 |
| 1,390 | 1,164 | Fujitsu | 1,309 |
| 2,080 | 1,490 | Green Cross | 1,900 |
| 453 | 360 | Hasegawa | 370 |
| 684 | 605 | Heiwa Real Est. | 629 |
| 1,052 | 819 | Hitachi | 948 |
| 1,930 | 1,340 | Hitatchi Credit | 1,600 |
| 1,150 | 989 | Honda | 1,140 |
| 899 | 770 | House Food | 771 |
| 2,350 | 1,460 | Hoya | 2,110 |
| 333 | 295 | Itoh (C) | 319 |
| 2,500 | 1,770 | Ito-Yokado | 2,100 |
| 2,420 | 1,800 | Iwatsu | 1,840 |
| 404 | 343 | JACCS | 340 |

## SWEDEN

## GERMANY

## SINGAPORE

## SWITZERLAND

## AUSTRALIA

## HONG KONG

## AUSTRIA

## BELGIUM/LUXEMBOURG

## SOUTH AFRICA

## ITALY

## SPAIN

NOTES:—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

*

# International Arts Guide

**The Financial Times International Edition publishes a comprehensive guide to all major artistic functions in Europe and North America every Friday.**

**The latest productions in the visual and performing arts are listed while Financial Times critics offer topical reviews of the most recent cinema premieres in London.**

*The guide also appears in extended form daily with particular emphasis on music (Monday), opera and ballet (Tuesday), theatre (Wednesday) and exhibitions (Thursday).*

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# WORLD STOCK MARKETS

## Indices

### NEW YORK

DOW JONES

| | Apr. 27 | Apr. 19 | Apr. 25 | Apr. 24 | Apr. 23 | 1984 High | 1984 Low | Since Compil'tn. High | Since Compil'tn. Low |
|---|---|---|---|---|---|---|---|---|---|
| ◆ Industr'ls | 1169.07 | 1158.08 | 1165.58 | 1162.98 | 1149.50 | 1286.64 (6/1) | 1130.55 (5/4) | 1287.7 (28/11/83) | 41.22 (2/7/32) |
| H'me Bnds | 66.97 | 67.19 | 66.90 | 66.93 | 66.80 | 71.75 (6/2) | 65.80 (23/4) | — | — |
| Transport | 497.74 | 500.82 | 494.55 | 497.22 | 498.05 | 612.63 (9/1) | 484.18 (6/4) | 612.65 (9/1/84) | 12.32 (8/7/32) |
| Utilities | 125.39 | 126.88 | 125.24 | 125.82 | 125.67 | 134.85 (6/1) | 123.79 (23/2) | 163.32 (20/4/69) | 10.5 (28/4/42) |
| TradingVol 000 † | 88,530 | 75,680 | 83 520 | 87,060 | 73,080 | — | — | — | — |

◆ Day's high 1180.49 (1182.06 low )1163.32 (1162.79)

| | Apr. 19 | Apr. 13 | Apr. 6 | Year ago (approx) |
|---|---|---|---|---|
| Industrial div. yield % | 4.77 | 4.80 | 4.88 | 4.60 |

### STANDARD AND POORS

| | April 27 | Apr. 26 | Apr. 25 | Apr. 24 | Apr. 23 | 1984 High | 1984 Low | Since Compt'n High | Since Compt'n Low |
|---|---|---|---|---|---|---|---|---|---|
| Industr'ls | 181.58 | 182.81 | 180.01 | 178.19 | 177.61 | 190.64 (6/1) | 174.10 (22/2) | 194.84 (10/10/83) | 3.52 (30/6/32) |
| Comp'site | 159.89 | 160.30 | 158.66 | 158.07 | 158.80 | 169.28 (6/1) | 154.29 (23/2) | 172.16 (10/10/83) | 4.40 (1/6/32) |

| | Apr. 25 | Apr. 18 | Apr. 11 | Year ago (approx) |
|---|---|---|---|---|
| Industrial div. yield % | 3.99 | 4.00 | 4.08 | 4.01 |
| Industrial P/E ratio | 12.18 | 12.10 | 11.89 | 13.69 |
| Long Gov. Bond yield | 12.65 | 12.66 | 12.47 | 10.35 |

### N.Y.S.E. ALL COMMON

| Apr. 27 | Apr. 26 | Apr. 25 | Apr. 24 | 1984 High | 1984 Low |
|---|---|---|---|---|---|
| 91.94 | 92.09 | 91.16 | 90.86 | 99.63 (10/10) | 80.92 (24/1/83) |

Rises and Falls

| | Apr. 27 | Apr. 26 | Apr. 25 |
|---|---|---|---|
| Issues Traded | 1,971 | 1,974 | 1,972 |
| Rises | 730 | 1,043 | 854 |
| Falls | 758 | 501 | 657 |
| Unchanged | 483 | 430 | 461 |
| New Highs | 27 | 34 | 31 |
| New Lows | 66 | 67 | 75 |

### MONTREAL

| | April 27 | April 26 | April 25 | April 24 | 1984 High | 1984 Low |
|---|---|---|---|---|---|---|
| Industrial | 422.38 | 421.82 | 418.70 | 418.82 | 451.40 (6/1) | 412.97 (21/2) |
| Combined | 398.19 | 387.23 | 395.98 | 355.65 | 433.87 (6/1) | 393.36 (6/4) |
| TORONTO Composite | 2329.2 | 2526.8 | 2518.7 | 2321.6 | 2585.7 (6/1) | 2315.9 (6/4) |

### NEW YORK ACTIVE STOCKS

| Friday | Stocks traded | Closing price | Change on day | | Stocks traded | Closing price | Change on day |
|---|---|---|---|---|---|---|---|
| ATT | 2,288,800 | 15¾ | + ¼ | Tandy | 1,068,400 | 35⅝ | + ⅞ |
| K. Mart | 1,400,400 | 29¼ | −1⅛ | Colgate | 1,035,600 | 25¾ | − ⅛ |
| Metromedia | 1,159,100 | 39 | — | IBM | 1,019,300 | 113⅝ | + ⅛ |
| Haliburton | 1,156,200 | 40½ | −2⅜ | Exxon | 1,015,600 | 42⅝ | − ¼ |
| Carter Hawley | 1,143,000 | 32 | +2⅜ | Baxter Lab. | 980,400 | 17⅝ | + ⅛ |

| | April 27 | April 26 | April 25 | April 24 | 1984 High | 1984 Low |
|---|---|---|---|---|---|---|
| **AUSTRALIA** | | | | | | |
| All Ord. (1/1/80) | 755.6 | 752.9 | (c) | 759.1 | 787.9 (9/1) | 718.3 (8/5) |
| Metals & Minls. (1/1/80) | 554.1 | 533.8 | (c) | 542.0 | 567.4 (5/1) | 495.9 (1/5) |
| **AUSTRIA** | | | | | | |
| Credit Aktien (2/1/62) | 56.24 | 54.98 | 54.97 | 54.98 | 56.21 (2/1) | 55.50 (3/4) |
| **BELGIUM** | | | | | | |
| Belgian SE (31/12/63) | 155.25 | 155.08 | 154.89 | 154.89 | 155.25 (27/4) | 135.28 (4/1) |
| **DENMARK** | | | | | | |
| Copenhagen SE (3/1/63) | 200.75 | 194.84 | 196.16 | 196.11 | 225.21 (20/1) | 179.33 (28/5) |
| **FRANCE** | | | | | | |
| CAC General (31/12/82) | 177.20 | 175.1 | 174.4 | 173.4 | 177.2 (27/4) | 156.6 (3/1) |
| Ind Tendance (30/12 83) | 112.90 | 111.4 | 110.9 | 110.5 | 114.7 (25/1) | 99.4 (3/1) |
| **GERMANY** | | | | | | |
| FAZ-Aktien (31/12/58) | 353.30 | 352.05 | 351.16 | 349.27 | 378.84 (2/2) | 341.1 (12/5) |
| Commerzbank (1/12/53) | 1032.8 | 1029.5 | 1026.4 | 1021.8 | 1088.5 (2/2) | 998.9 (12/5) |
| **HONG KONG** | | | | | | |
| Hang Seng Bank (31/7/64) | 1054.5 | 1070.79 | 1082.72 | 1070.82 | 1170.56 (19/5) | 871.06 (5/1) |
| **ITALY** | | | | | | |
| Banca Comm Ital. (1972) | 216.16 | 216.99 | (c) | 216.78 | 229.57 (1/2) | 192.06 (2/1) |
| **JAPAN**** | | | | | | |
| Nikkei-Dow (16/5/49) | 10881.8 | 10901.5 | 10866.5 | 10761.8 | 11,050.18 (2/4) | 9830.47 (14/2) |
| Tokyo SE New (4/1/68) | 861.11 | 854.49 | 850.20 | 845.58 | 878.62 (2/4) | 735.45 (4/1) |
| **NETHERLANDS** | | | | | | |
| ANP-CBS General (1970) | (u) | 160.4 | 158.8 | 157.8 | 178.8 (1/2) | 156.4 (25/2) |
| ANP-CBS Indust (1970) | (u) | 127.8 | 128.7 | 125.7 | 147.2 (1/2) | 125.7 (24/4) |
| **NORWAY** | | | | | | |
| Oslo SE (4/1/83) | 286.44 | 283.00 | 281.05 | 280.59 | 286.44 (27/4) | 221.87 (4/1) |
| **SINGAPORE** | | | | | | |
| Straits Times (1966) | 998.12 | 1003.57 | 1004.38 | 993.27 | 1071.91 (2) | 980.12 (28/3) |
| **SOUTH AFRICA** | | | | | | |
| Gold (1958) | 1030.6 | 1041.8 | 1042.8 | 1042.4 | 1059.3 (5/8) | 785.1 (24/1) |
| Industrial (1958) | 1070.8 | 1069.7 | 1070.5 | 1066.1 | 1105.5 (26/3) | 982.6 (25/1) |
| **SPAIN** | | | | | | |
| Madrid SE (30/12/83) | 116.42 | 116.37 | 114.47 | 114.68 | 120.40 (6/5) | 101.22 (3/1) |
| **SWEDEN** | | | | | | |
| Jacobson & P. (1/1/58) | 1510.16 | 1505.26 | 1518.33 | 1525.15 | 1594.5 (3/2) | 1,401.84 (4/1) |
| **SWITZERLAND** | | | | | | |
| SwissBankC pn. (31/12/58) | 378.10 | 376.2 | 372.4 | 371.8 | 386.7 (3/1) | 360.0 (12/5) |
| **WORLD** | | | | | | |
| Capital Intl. (1/1/70) | — | 188.6 | 187.4 | 188.6 | 189.5 (30/3) | 178.2 (13/2) |

**Saturday April 21: Japan Nikkei-Dow 10,806.5. TSE 845.81.

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50: Standard and Poors—10: and Toronto—1,000: the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

## OVER-THE-COUNTER

*Nasdaq national market, closing prices April 27*

| Stock | Sales (Hnds) | High | Low | Last | Chng |
|---|---|---|---|---|---|
| [illegible] | | | | | |

Continued from Page 28

# AUTHORISED UNIT TRUSTS

# FT UNIT TRUST INFORMATION SERVICE

# INSURANCES

## Insurances—continued

| | | | | |
|---|---|---|---|---|
| JapPnFdAc | 161.8 | 170.3 | +0.9 | — |
| AmPnFdAc | 116.7 | 122.8 | +2.7 | — |
| Property | 241.1 | 253.8 | +0.8 | — |
| MplIntPnAc | 562.8 | 592.3 | +4.4 | — |

**Colonial Mutual Group**
24 Ludgate Hill EC4P 4BD. 01-248 9861
Capital Life Assurance

| | | | | |
|---|---|---|---|---|
| Key Inv Fd | — | 129.75 | .... | — |
| PcmkrInvFd | — | 132.4 | .... | — |
| Equity Fd | 124.94 | 141.52 | .... | — |
| Intl Eq | 133.6 | 140.7 | .... | — |
| Fxd Int Fd | 111.09 | 116.93 | .... | — |
| Prooty Fd | 105.09 | 110.62 | .... | — |
| Cash Fd | 102.26 | 107.64 | .... | — |
| Managd Fd | 125.48 | 132.09 | .... | — |

**Col Mut Life (Pension Annuities)**

| | | | | |
|---|---|---|---|---|
| ManCpA B | 117.80 | 124.01 | +0.11 | — |
| ManInvA B | 118.91 | 125.18 | +0.19 | — |

**Prime Series—Pensions**

| | | | | |
|---|---|---|---|---|
| Managed | 111.2 | 117.1 | +0.3 | — |
| UK Equity | 113.2 | 119.2 | +0.2 | — |
| Int Eq | 111.6 | 117.5 | +0.6 | — |
| Property | 97.2 | 102.4 | .... | — |
| Fixed Int | 97.2 | 102.4 | .... | — |
| IndxLkdGt | 92.8 | 97.7 | .... | — |
| Cash | 97.4 | 102.6 | .... | — |

**Continental Life Assurance PLC**
64 High St Croydon CR0 9XN 01-680 5225

| | | | | |
|---|---|---|---|---|
| Equity Acc | 190.9 | 201.8 | .... | — |
| Propty Acc | 169.1 | 178.0 | .... | — |
| Int Acc | 151.6 | 159.6 | .... | — |
| Managd Acc | 177.1 | 186.5 | .... | — |
| Spec Sits | 134.1 | 141.2 | .... | — |
| PenIntAcc | 148.0 | 155.8 | .... | — |
| PenPrpAcc | 189.4 | 199.4 | .... | — |
| PensEquity | 227.1 | 239.1 | .... | — |
| PenMyAcc | 176.2 | 185.5 | .... | — |

| | | | | |
|---|---|---|---|---|
| Cash Cap | 103.0 | 108.5 | +0.1 | — |
| UK Eq Cap | 117.0 | 123.2 | +0.8 | — |
| UK Eq Acc | 121.0 | 127.4 | +0.9 | — |
| FxdIntCap | 103.2 | 108.7 | −0.2 | — |
| FxdIntAcc | 106.7 | 112.4 | −0.2 | — |
| IndxLkdCap | 88.3 | 93.0 | −0.1 | — |
| IndxLkdAcc | 91.4 | 96.3 | .... | — |
| Mixed Cap | 108.4 | 114.2 | +0.5 | — |
| Mixed Acc | 112.1 | 118.1 | +0.5 | — |
| O'seasFdCp | 112.5 | 118.5 | +1.3 | — |
| O'seas Acc | 116.4 | 122.6 | +1.4 | — |
| Property Cap | 96.1 | 101.2 | .... | — |
| Property Acc | 99.5 | 104.8 | +0.1 | — |

**General Portfolio Life Ins Co Ltd**
Crossbrook St, Cheshunt, Herts. Waltham Cross 31971

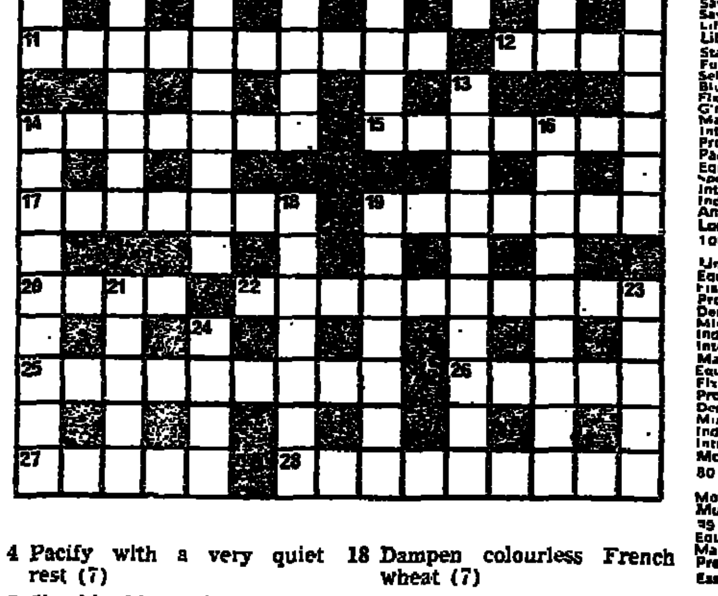
| | | | | |
|---|---|---|---|---|
| PrtfloFdInA | 273.8 | 288.4 | +1.5 | — |
| PrtfloEqCap | 258.6 | — | +1.1 | — |
| UK Equity | 109.3 | 115.1 | +0.5 | — |
| O'seas Eq | 98.1 | 103.3 | +0.8 | — |

## Offshore & Overseas—continued

## Money Market Trust Funds

## Money Market Bank Accounts

# F.T. CROSSWORD PUZZLE No. 5,404



### ACROSS

1 Ascetic has time to make wine (9)
6 See ways to make ground (5)
9 Chooses catalogues (5)
10 Meddlesome concerning affairs of state (9)
11 A clear bent to redesign temple (10)
12 Lot heard at gala (4)
14 Firm clear out boat (7)
15 Thanks to horse, artist reaches ancient town (7)
17 Wages burden yet cargo earning revenue (3-4)
19 Brown the gardener without cap shows skill (7)
20 Cain tortured a Quechua (4)
22 Financial centre for us—capitally! (4, 6)
25 Order ones fur—it may be left out (9)
26 Articles include six about birds (5)
27 A German goes back to church for relation (5)
28 Somehow resent team dropping a dish (9)

### DOWN

1 Slave in "The Lotus-Eaters" (5)
2 Spluttering noise on board perhaps (9)
3 Court strain maybe not having a teacher (10)
4 Pacify with a very quiet rest (7)
5 Shoulder-high saint in English film? (7)
6 Detailed note to doctor by essayist (4)
7 Sailor rises before governor—that is early! (5)
8 Bird in the office? (9)
13 'Taint rifle trained to get through enemy line! (10)
14 Goat discovers island grain (9)
16 Direct policy principle put forward (5-4)
18 Dampen colourless French wheat (7)
19 Working in metal may cause disease (7)
21 Greek character against oriental soup flavouring (5)
23 Chinese societies can be gripping (5)
24 Dogs eg, full of noises in "The Tempest" (4)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

هكذا اصبح الآجل



# INSURANCE & OVERSEAS MANAGED FUNDS

**Barclays Life Ass.—Cont.**

| | | | | |
|---|---|---|---|---|
| Income Accum. | 136.2 | 144.1 | +0.3 | — |
| Do. Initial | 131.1 | 138.1 | +0.3 | — |
| Universal Tec Acc | 91.8 | 96.7 | +1.7 | — |
| Do Initial | 90.6 | 95.4 | +1.7 | — |
| Man. Pens. Accum. | 272.0 | 286.4 | ... | — |
| Do Initial | 220.7 | 232.4 | ... | — |
| Gtc. Edg. Pens. Accum | 221.3 | 233.0 | ... | — |
| Do Initial | 172.5 | 181.6 | ... | — |
| Money Pens. Accum | 195.9 | 206.3 | ... | — |
| Do Initial | 154.9 | 163.1 | ... | — |

**Black Horse Life Ass. Co. Ltd.**
71 Lombard St., EC3. 01-623 1288

| | | | | |
|---|---|---|---|---|
| Black Horse Man. Fd | | 259.71 | ... | — |
| Managed Inv. Fd. | 173.99 | 183.15 | ... | — |
| Property Fd. | 154.00 | 162.11 | ... | — |
| Fixed Interest Fd. | 151.41 | 159.38 | ... | — |
| Cash Fd. | 138.81 | 146.12 | ... | — |
| Income Fd. | 200.96 | 211.54 | ... | — |
| Extra Income Fd. | 189.95 | 199.93 | ... | — |
| Worldwide Growth Fd. | 228.65 | 240.69 | ... | — |
| Balanced Fd. | 201.20 | 211.79 | ... | — |
| Smlr Co's & Recv. Fd | 230.27 | 242.39 | ... | — |
| Int. Technology Fd | 264.05 | 277.95 | ... | — |
| N. Amer. & Gen. Fd. | 146.34 | 154.05 | ... | — |
| Energy Int. Fd. | 111.19 | 117.05 | ... | — |
| Pacific Basin Fund | 164.81 | 173.49 | ... | — |

**British National Life Assurance Co. Ltd.**
Harlands Rd, Haywards Heath. 0444 414111

| | | | | |
|---|---|---|---|---|
| Managed | 122.8 | 129.3 | +0.4 | — |
| Property | 127.5 | 134.2 | +0.3 | — |
| Equity | 134.3 | 141.3 | +0.8 | — |
| International | 136.2 | 143.4 | | — |
| Fixed Interest | 107.5 | 113.1 | +0.6 | — |
| Deposit | 102.3 | 107.1 | +0.1 | — |
| Managed Pen. Cap. | 122.6 | 129.1 | +0.3 | — |
| Property Pens. Cap. | 129.4 | 136.2 | +0.3 | — |
| Equity Pens. Cap. | 129.0 | 135.8 | +0.7 | — |
| Intnl. Pens. Cap. | 140.9 | 148.3 | -0.2 | — |
| Fixed Int. Pens. Cap. | 102.4 | 107.7 | +0.4 | — |
| Deposit Pens. Cap. | 98.6 | 103.8 | | — |

**G.T. Management Ltd.**
16 Finsbury Circus, Lond EC2M 7DJ. 01-628 8131

| | | | | |
|---|---|---|---|---|
| G.T. Plan Bond Fund | 128.0 | 134.8 | +0.8 | — |
| GT Pln High Yld Fnd | 138.3 | 145.6 | +1.2 | — |
| GT Plan Far East Fnd | 136.7 | 143.9 | -0.2 | — |
| GT Plan N. Am Fd. | 121.3 | 127.7 | +0.7 | — |
| GT Pln UK&G.E. Fnd | 160.1 | 168.6 | +1.7 | — |
| GT Pln Wrldwde Fnd. | 153.8 | 161.9 | +0.7 | — |
| GT Pension Bnd Fnd. | 140.1 | 147.5 | +1.0 | — |
| GT Pen High Yld Fd | 160.4 | 168.9 | +1.3 | — |
| GT Pen Far East Fd | 172.6 | 181.7 | +0.2 | — |
| GT Pen N. Am. Fd. | 175.9 | 185.2 | +1.7 | — |
| GT Pen UK & G.E. Fd | 187.2 | 197.1 | +1.9 | — |
| GT Pen Worldwide Fd. | 164.8 | 173.5 | +0.8 | — |

Prices for Accum. Units only.

**Assicurazioni GENERALI S.p.A.**
117, Fenchurch St., EC3M 5DY. 01-488 0733

| | | | | |
|---|---|---|---|---|
| Intl. Managed Bond | 173.6 | 182.8 | ... | — |

**General Portfolio Life Ins. PLC**
Crossbrook St., Cheshunt, Herts. Waltham X 31971

| | | | | |
|---|---|---|---|---|
| Portfolio Fd. Acc. | | 273.9 | +1.2 | — |
| Portfolio Fd. Init. | | 221.4 | +0.8 | — |

Continued on adjacent Page

**Gresham Unit Ass. Ltd.**
2-6, Prince of Wales Rd B'mouth. 0202 767655

| | | | | |
|---|---|---|---|---|
| Managed Fd. | 288.4 | 303.9 | ... | — |
| Money Fd | 159.3 | 167.6 | ... | — |
| Equity Fd. | 245.2 | 258.4 | ... | — |
| Fixed Int. Fd. | 120.8 | 127.3 | ... | — |
| Property Fd | 177.4 | 186.9 | ... | — |
| Managed Pen. Fd. | 282.6 | 297.8 | ... | — |
| Equity Pension Fd | 182.0 | 191.8 | ... | — |
| Fixed Int. Pen. Fd | 171.1 | 180.3 | ... | — |
| High Yield Pen. Fd. | 168.6 | 177.7 | ... | — |
| Money Pension Fd. | 133.3 | 140.3 | ... | — |
| Property Pension Fd. | 132.9 | 140.0 | +3.1 | — |

Gresham/Framlington

| | | | | |
|---|---|---|---|---|
| American & Gen. Fd. | 226.8 | 259.0 | +0.7 | — |

**Standard Life Assurance Company**
3 George St., Edinburgh EH2 2XZ. 031-225 2552

| | | | | |
|---|---|---|---|---|
| Managed | 222.3 | 234.1 | +1.2 | — |
| Property | 155.5 | 163.7 | ... | — |
| Equity | 277.0 | 291.6 | +1.4 | — |

**Bank of America International S.A.**
35 Boulevard Royal, Luxembourg

Worldinvest Inc. | $118.33 | 118.93

Valued weekly on Wednesday.

## OFFSHORE AND OVERSEAS

| | | | | |
|---|---|---|---|---|
| Merc IoM Fund | 56.9 | 60.6 | +0.2 | 7.6 |
| Merc Intl. Bond Fd. | 38.4 | 40.9 | +0.1 | 7.5 |

**Wardley Investment Services Ltd.**
4th Floor, Hutchison House, Hong Kong

| | | | | |
|---|---|---|---|---|
| Wardley Trust | $5.74 | 6.14 | ... | 1.22 |
| Wardley Nikko As. Fd. | $28.00 | 29.69 | ... | 5.05 |
| Wardley Bond Trust | $10.72 | 11.30 | ... | 8.23 |
| Wardley Japan Trust | $32.96 | 34.95 | ... | 0.40 |
| Wardley Priv Cap Tst | $9.94 | 10.49 | ... | 0.76 |

**WestAvon Secs (Guernsey) Ltd**
Borough Hse, St Peter Port, Guernsey. 0481 27963

| | | | | |
|---|---|---|---|---|
| Gilt & Option Fd. | £1.18 | 1.23 | ... | 2.50 |
| US $ Option | $0.84 | 0.89 | ... | — |

**World Wide Growth Management♦**
10a, Boulevard Royal, Luxembourg

| | | | | |
|---|---|---|---|---|
| Worldwide Gth Fd | | $12.84 | -0.04 | — |

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

**Wren Commodity Management Ltd.**
10, St. George's St., Douglas IoM 0624 25015

| | | | | |
|---|---|---|---|---|
| Wren Com. Fund | 22.1 | 23.0 | ... | — |
| Chinese Fund | 61.8 | 64.4 | ... | — |
| Precious Metal Fund | 138.1 | 143.7 | ... | — |
| Vanguard Cmdy. Fd. | 31.6 | 32.4 | ... | — |
| Financial Futures Fd. | 64.3 | 67.0 | ... | — |
| Wren Intl. Fnd.* | $0.700 | 0.729 | ... | — |

### NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. ● Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase.

# FT LONDON SHARE INFORMATION SERVICE

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

| Interest Due | Stock | Price £ | Last xd | Yield Int. | Yield Red. |
|---|---|---|---|---|---|
| 19D 19Jun | Exch. 2pc 1984 | 99 | [illegible] | 3.05 | 8.99 |
| 26Mar 26S | Treas 11pc 1984 | 101 | 20.2 | 11.86 | 8.77 |
| 22Aug 22F | Treas 14pc 1985 | 104⅝ | 15.1 | 14.37 | 9.18 |
| 22S 22Mar | Exch. 12pc Cv. '85 | 102⅝ | 14.2 | 11.72 | 9.12 |
| 21N 21My | Treas 3pc 1985 | 95 | 10.4 | 3.15 | 7.71 |
| 15Jan 15Jly | Treas 11½pc 1985 | 102 | 5.12 | 11.24 | 9.39 |
| 3Mar | Treas 8¼pc | 93 | 26.1 | 8.94 | 9.55 |
| 22May 22N | Exch. 12¼pc 1985 | 103⅝ | 16.4 | 11.52 | 9.69 |
| 25Aug 25Fb | Exch. 11pc | 103 | 19.1 | 11.39 | 9.75 |
| 22Oct 22Apr | Treas. 10pc | 100 | 5.3 | 9.93 | 9.50 |
| 19N 19May | Treas 3pc 1986 | 89¼ | 12.4 | 3.36 | 8.78 |
| 19Nv 19My | Exch 10½pc | 101 | 12.4 | 10.40 | 9.96 |
| 12Dec 12Jun | Treas 12pc 1986 | 103½ | 7.11 | 11.59 | 10.09 |
| 10Ja 10Jul | Treas 8¾pc 1984-86 | 97 | 5.12 | 8.74 | 9.87 |
| 29Ap 29Oc | Exch. 14pc 1986 | 108¼ | 23.3 | 12.93 | 10.17 |

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

## AMERICANS

| Dividends Paid | Stock | Price £ | Last xd | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|
| F May Aug N | Abbott Labs. | 31½ | 10.4 | $1.20 | — | 2.7 |
| F My Ag N | Alcoa $1 | 25¼ | 11.1 | $1.20 | — | 3.4 |
| My Jly S D | Amax $1 | 13 | 7.2 | 20c | — | 0.8 |
| F My Au Nv | Amdahl 5c | 935p | 17.2 | 20c | — | — |
| F.M.A.S. | Amer. Express $0.60 | 20⅝ | 3.1 | $1.28 | — | 4.4 |
| F My Au N | Amer Medical Im $1 | 18 | 27.3 | 48c | — | 1.9 |
| My Au No Fb | Amer. Nat. Res. $1 | 34⅛ | 10.4 | $2.11 | — | 6.5 |
| Ap Jy Oc Ja | American T. & T. $1 | 10⅞ | 28.12 | $1.20 | — | 7.8 |
| My Au N F | Ameritech $1 | 47¼ | — | $6.00 | — | 9.0 |
| Mar Jn S D | Amfac | 19¾ | 10.3 | $1.44 | — | 5.2 |
| — | AndTech | 18p | — | — | — | — |
| Fb My Au N | BankAmerica $1 | 14⅛ | 13.2 | $1.52 | — | 7.6 |
| Ap Jly Oc Jan | Bankers N.Y. $10 | 30⅝ | 29.3 | $2.45 | — | 5.7 |
| My Au N Fb | Bell Atlantic $1 | 46⅞ | 27.3 | $6.40 | — | 9.6 |
| Fb My Au N | BellSouth $1 | 64⅞ | 27.3 | $7.80 | — | 8.5 |
| Mar Jun S D | Beth Steel $8 | 18⅛ | 4.11 | 60c | — | 2.2 |
| Ja Ap Jly O | Brown & Fer. 16⅔c | 21⅛ | 1.12 | 96c | — | 3.1 |
| F My Au N | Brunswick Coron | 19⅝ | 19.4 | 60c | — | 2.2 |
| Jan Ap Jly Oc | CPC Intnl. 25c | 26⅛ | 29.12 | $2.20 | — | 5.8 |
| Oc Ja Ap Jy | Campbell Soup 45c | 43⅜ | 1.4 | $2.30 | — | 3.7 |
| F My Au N | Caterpillar Tractor | 34⅞ | 17.4 | $1.50 | — | 3.0 |
| F My Au N | Chase M'htn $12.5 | 34 | 25.4 | $3.65 | — | 7.6 |
| Ap Jy Oc Ja | Chemical New York | 22⅛ | 12.3 | $2.36 | — | 7.5 |
| Mar Jun S D | Chesebrough-Pond's $1 | 24⅛ | 28.11 | $1.84 | — | 5.4 |
| Mar Jun S D | Chrysler $6¼ | 17⅞ | 12.3 | 60c | — | 2.4 |
| My Au N F | Citicorp $4 | 24⅛ | 27.3 | $2.06 | — | 5.9 |
| My Au N F | City Inv $1.25 | 26⅝ | 26.3 | $2.00 | — | 5.3 |

## CANADIANS

## BANKS, HP & LEASING

## BUILDING INDUSTRY, TIMBER AND ROADS

## CHEMICALS, PLASTICS

## DRAPERY AND STORES

## Hire Purchase, Leasing, etc.

## BEERS, WINES & SPIRITS

## DRAPERY & STORES—Cont.

## ELECTRICALS

## ENGINEERING

## ENGINEERING—Continued

## FOOD, GROCERIES, ETC

## HOTELS AND CATERERS

## HOTELS—Continued

## INDUSTRIALS (Miscel.)

## INDUSTRIALS—Continued

| Dividends Paid | | Stock | Price | Last xd | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| | | ✠MCD Group | 71 | — | 2.5 | φ | 3.1 | φ |
| June | Dec | MY Dart 10p | 24½ | 27.10 | 0.75 | φ | 4.5 | φ |
| May | Sept | McCarthy Pfr 20p | 152 | 27.2 | 7.0 | 2.8 | 6.6 | 6.7 |
| Oct. | May | Macfarlane Gp | 157xd | 9.4 | 3.87 | φ | 3.5 | φ |
| July | Nov | Maclellan 20p | 45 | 3.10 | d1.5 | 1.6 | 4.8 | 16.1 |
| Aug. | Mar. | Macpherson (D.) | 109 | 26.3 | ✦2.25 | 0.1 | 2.9 | — |
| Oct. | Apr | Magnolia Group | 53xd | 9.4 | 2.5 | φ | 6.7 | φ |
| — | | ✠Mammat Hldgs 10p | 45 | — | — | — | — | 47.9 |
| Apr | Oct. | Man Ship Can £1 | 246 | 27.2 | 5.5 | 3.5 | 3.2 | 12.7 |
| Oct | Apr | Marley | 89 | 12.3 | 3.2 | 2.1 | 5.1 | 12.5 |
| Feb | Oct. | Marling Ind. 10p | 49 | 12.2 | †1.08 | 1.7 | 3.1 | (22.8) |
| Dec | June | Marshall L'ry 'A' | 40 | 10'82 | 1.2 | φ | 4.4 | φ |
| Jan. | July | Marshall's Univ. | 60 | 1'83 | — | — | — | φ |
| Nov | May | Martin-Black | 23½ | 5'79 | — | — | — | — |
| — | | ♥Mathesons 7¼% | £94 | 30.6 | Q7¼% | 2.3 | 19.0 | — |
| Jan. | June | Metal Box £1 | 364 | 28.11 | †11.55 | 3.2 | 4.5 | (8.9) |
| Nov. | June | Metal Closures | 187 | 26.3 | 6.3 | φ | 4.8 | φ |
| — | | ✠Metal Sciences 2½p | 22 | — | — | — | — | — |
| April | Dec | Metamec Jentique | 12½ | 12.12 | 0.01 | — | — | — |
| July | Jan | ✠Midland Marts | 110 | 14.11 | 4.0 | 2.1 | 5.2 | 13.2 |
| Jan | May | Mitchell Cotts | 59 | 12.3 | 3.62 | 1.0 | 8.9 | (15.4) |
| July | Dec. | Moben Grp 1p | 21xd | 9.4 | 0.5 | φ | 3.4 | φ |
| Mar. | Oct. | M'santo 5pc 82-6 | £213 | 13.2 | Q5% | — | 2.4 | — |
| Jan. | July | Morgan Crucible | 162 | 14.11 | 7.5 | φ | 6.8 | φ |
| Jan. | Aug. | Moss (Robt.) 10p | 92 | 28.11 | †2.0 | 2.4 | 3.1 | 17.0 |
| May | Nov | ✠NMW Computers | 220xd | 9.4 | 6.0 | φ | 3.9 | φ |
| Mar. | Sept. | Nash Inds. | 65 | 16.1 | 4.0 | 2.2 | 8.8 | 7.5 |
| Oct. | April | Neill & Sp'ncer 10p | 41 | 3'81 | — | — | — | 18.5 |
| Oct. | Apr. | New Equip 10p | 78 | 12.3 | ✦1.15 | 6.5 | 2.3 | 9.4 |
| Jan | July | Newman Indusls | 27 | 12'79 | — | — | — | (15.2) |
| — | | Do. 10pc Cm. Pf. | 27 | 30.12 | 10% | — | 5.3 | — |
| April | Oct | Nolton | 53 | 12.12 | 1.0 | 2.9 | 2.7 | 18.6 |
| Jan. | Aug. | Norcros | 157 | 30.12 | b7.0 | 2.3 | 6.4 | 9.4 |
| Oct. | April | Nu-Swift 5p | 77 | 5.9 | — | — | — | 15.1 |
| Feb. | Aug | Oakwood Grp | 75 | 30.1 | d6.5 | — | 12.4 | — |
| Jan. | June | Office & Elect. | 120 | 17.10 | 7.5 | φ | 6.5 | φ |
| May | Nov | Oriflame Intl SA | 825 | 26.3 | Q53c | 2.2 | 4.3 | 10.3 |
| Jan. | June | Ovenstone 12½c | 41 | 14.11 | tQ3½ | 2.8 | 5.0 | 7.3 |
| May | Nov | Ozalid F.n. Cv. | £131xd | 9.4 | Q9% | — | 17.2 | — |
| — | | ✠PCT Grp 10p | 190 | — | b4.8 | 2.1 | 3.5 | 18.0 |
| Apr | Oct | PH Industrials | 130 | 16.1 | ✦5.0 | 2.0 | 6.5 | 8.9 |
| April | Oct. | Parker Knoll 'A' | 179 | 12.3 | 8.5 | 3.0 | 6.8 | 6.7 |
| Feb. | Aug. | Pauls & Whites | 242 | 12.12 | 8.0 | 3.5 | 4.7 | 6.6 |
| June | Nov | Pearson (S.) & Son | 550 | 19.9 | 14.0 | 2.7 | 3.7 | 12.4 |
| — | | Peek Holdings | 30 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

[illegible]

## INSURANCES

[illegible]

## LEISURE

[illegible]

## LEISURE—Continued

| Dividends Paid | | Stock | Price | Last xd | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| Apr. | Dec | Medminster 10p | 80 | 12.3 | †4.4 | 2.3 | 7.9 | 8.0 |
| October | | ✠Miss World 10p | 165 | 26.3 | 3.0 | 3.5 | 2.4 | 15.1 |
| — | | ✠Nationwide Les. | 21 | — | 0.25 | φ | 1.7 | φ |
| — | | ✠Nimslo Int 20c | 20 | — | — | — | — | — |
| Jan. | Sept. | Norton Opax 10p | 135 | 30.1 | t2.17 | 4.3 | 2.3 | 9.7 |
| — | | Our Price 20p | 237 | — | bg5.0 | 3.7 | 1.8 | 17.6 |
| July | | ✠Owners Abroad | 26½xd | 9.4 | 0.75 | φ | 4.0 | φ |
| June | Nov | Photax (Lon.) | 57 | 4'82 | — | — | — | — |
| December | | ✠Pineapple Dnc St 10p | 110 | 14.11 | d1.5 | 4.0 | 1.9 | 14.0 |
| Sept. | Apr | Pleasurama 5p | 345 | 27.2 | 6.5 | 4.7 | 2.7 | 11.2 |
| Feb-July | | ✠Radio City 'A' NV | 135 | 12.12 | 5.6 | 1.9 | 5.9 | 12.5 |
| — | | ✠Radio Clyde N/V | 61 | — | 3.0 | 1.4 | 7.0 | 14.2 |
| July | Jan | Riley Leisure 10p | 111xd | 9.4 | 4.2 | φ | 5.4 | φ |
| Apr. | Nov | Saga Hols. 20p | 95 | 27.2 | 3.75 | φ | 5.6 | φ |
| April | | Samuelson Grp £1 | 380 | 27.2 | d12.0 | 2.7 | 4.5 | 11.8 |
| — | | ✠Sangers Photo 10p | 26½ | — | bg1.25 | 1.8 | 6.7 | 12.0 |
| Dec | May | Scott. TV 'A' 10p | 176xd | 9.4 | 18.1 | φ | 7.2 | φ |
| | | SeaCo Inc. | 214 | 31.1 | — | — | — | — |
| — | | ✠SelecTV 10p | 25 | — | — | — | — | — |
| May | Nov | TSW 5p | 35½xd | 9.4 | 1.2 | 2.2 | 4.8 | 13.7 |
| March | | ✠TVS N/Vtg 10p | 140 | 13.2 | 2.0 | 5.5 | 2.0 | 11.6 |
| — | | ✠Television Svcs 10p | 30 | 26.3 | b0.2 | φ | 1.0 | φ |
| — | | Tottenham Hotspur | 77 | — | b4.0 | 1.9 | 7.4 | 14.3 |
| Oct | Apr | Trid'nt TV 'A' 10p | 134 | 13.2 | 5.5 | 1.8 | 5.9 | 13.2 |
| — | | ♥21st Century Dist. | 105 | — | — | — | — | — |
| Dec | | ✠Tyne Tees TV 'A' £1 | 190 | — | 8.25 | 2.4 | 6.2 | 9.8 |
| Jan | July | Ulster TV N/V 'A' | 164 | 14.11 | 18.0 | 2.5 | 7.2 | 7.4 |
| April | Sept | Webb (Jos.) 5p | 20½ | 27.2 | d0.51 | 0.5 | 3.6 | — |
| Apr. | Nov | Zetters 5p | 94 | 27.2 | †3.1 | 3.0 | 4.7 | 10.0 |

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

| Dividends Paid | | Stock | Price | Last xd | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| — | | BL 50p | 71 | — | — | — | — | — |
| Nov | June | ✠Coleman Milne 10p | 60 | 19.9 | 1.7 | φ | 4.0 | φ |
| Mr Jun Sp Dc | | Gen. Mts. Units | 255 | 10.2 | Q12c | — | 3.3 | — |
| May | Nov | Honda Motor Y50 | 355 | 10.11 | †Q20% | 9.1 | 0.8 | 13.7 |
| Jan | Oct | Lotus Car 10p | 61 | 1'81 | — | — | — | — |
| — | | ✠Reliant Motor 10p | 31 | — | — | — | — | 9.8 |
| May | | Volvo Kr50 | £42 | 26.5 | vQ23% | φ | 2.4 | φ |

### Commercial Vehicles

[illegible]

### Components

[illegible]

### Garages and Distributors

[illegible]

## NEWSPAPERS, PUBLISHERS

[illegible]

## PAPER, PRINTING ADVERTISING

[illegible]

## PROPERTY

[illegible]

## PROPERTY—Continued

[illegible]

## SHIPPING

[illegible]

## SHOES AND LEATHER

[illegible]

## SOUTH AFRICANS

[illegible]

## TEXTILES

[illegible]

## TOBACCOS

[illegible]

## TRUSTS, FINANCE, LAND

### Investment Trusts

[illegible]

## INVESTMENT TRUSTS—Cont.

[illegible]

### Finance, Land, etc

[illegible]

## OIL AND GAS

[illegible]

## OIL AND GAS—Continued

[illegible]

## OVERSEAS TRADERS

[illegible]

## PLANTATIONS

### Rubbers, Palm Oil

[illegible]

### Teas

[illegible]

## MINES

### Central Rand

[illegible]

### Eastern Rand

[illegible]

### Far West Rand

[illegible]

### O.F.S.

[illegible]

### Finance

[illegible]

### Diamond and Platinum

[illegible]

### Central African

[illegible]



## MINES—Continued

### Australians

| Dividends Paid | | Stock | Price | Last xd | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| — | | ♥ACM 20c | 15 | — | — | — | — |
| — | | ♥Allstate Explo NL | 28 | — | — | — | — |
| — | | ♥Asia Oil & Minerals | 5¼ | — | — | — | — |
| — | | ♥Aust. Hydrocarbon NL | 18 | — | — | — | — |
| — | | ♥Australis Mng NL | 26½ | — | — | — | — |
| — | | ♥Balmoral Res. | 45 | — | — | — | — |
| — | | ♥Black Hill Mins. | 29 | — | — | — | — |
| December | | ♥Bond Corp | 82 | — | Q10c | 0.7 | 7.4 |
| Nov | Apr | ♥Bougainville Kina | 166 | 11.3 | Q16.4c | 1.2 | 6.4 |
| May | Nov | ♥CRA $2 | 396 | 11.3 | Q12c | φ | 2.0 |
| — | | ♥Carr Boyd 20c | 79 | — | — | — | — |
| — | | ♥Central Kalgoorlie | 35 | — | — | — | — |
| — | | ♥Central Pacific | 20½ | — | — | — | — |
| — | | ♥Cons Gld Mg Areas NL | 3¼ | — | — | — | — |
| — | | ♥Coopers Res. NL | 6½ | — | — | — | — |
| | | For Crusader Oil see Oils | | | | | |
| — | | ♥Cultus Pac NL | 10¼ | — | — | — | — |
| — | | ♥Eagle Corp 10c | 12¼ | 5.9 | — | — | — |
| — | | ♥Emperor Mines | 270 | — | — | — | — |
| — | | ♥Endeavour 20c | 12 | — | — | — | — |
| — | | ♥Enterprise Gld | 28 | — | — | — | — |
| Apr | Oct | ♥GM Kalgoorlie 25c | 655 | 28.9 | hQ10c | φ | 1.0 |
| — | | ♥Great Eastern Mns | 19 | — | — | — | — |

[illegible]

### Tins

[illegible]

### Miscellaneous

[illegible]

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 163(4)(a).
- ✠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- || No par value.

B Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

| | | | | | |
|---|---|---|---|---|---|
| | | | Fin. 13% 97/02 | £92¾ | +¼ |
| Albany Inv 20p | 82 | ..... | Alliance Gas | 70 | ..... |
| Craig & Rose £1 | 800 | ..... | Arnott | 235 | +15 |
| Finlay Pkg 5p | 54 | ..... | CPI Hldgs | 84 | +2 |
| Higsons Brew | 103 | ..... | Carroll Inds | 118 | ..... |
| Holt (Jos) 25p | 880 | ..... | Hall (R. & H.) | 58xd | ..... |
| IoM Stm £1 | 148 | −1 | Heiton Hldgs | 19 | ..... |
| | | | Irish Ropes | 40 | ..... |
| **IRISH** | | | Jacob (W.& R.) | 66 | +1 |
| Exch. 12% 1985 | £98⅞xd | ..... | TMG | 50 | ..... |
| Nat. 9¾% 84/89 | £88 | ..... | Unidare | 75 | ..... |

## OPTIONS — 3-month call rates

| | | | | | |
|---|---|---|---|---|---|
| **Industrials** | | Hawker Sidd. | 38 | Vickers | 14 |
| Allied-Lyons | 15 | Hse of Fraser | 26 | Woolworth Hldg | 50 |
| BOC Grp | 27 | ICI | 42 | | |
| BSR | 26 | "Imps" | 12 | **Property** | |
| Babcock | 17 | ICL | 7½ | Brit Land | 11 |
| Barclays Bank | 45 | Ladbroke | 23 | Cap Counties | 16 |
| Beecham | 32 | Legal & Gen | 45 | Land Secs. | 25 |
| Blue Circle | 40 | Lex Service | 40 | MEPC | 25 |
| Boots | 16 | Lloyds Bank | 50 | Peachey | 17 |
| Bowaters | 25 | "Lots" | 3 | Samuel Props | 12 |
| Brit Aerospace | 20 | Lucas Inds | 18 | Sterling Guar | 4 |
| BAT | 15 | "Mams" | 14 | | |
| Brown (J.) | 3 | Marks & Spcr | 20 | | |
| Burton Ord | 22 | Midland Bk | 36 | **Oils** | |
| Cadburys | 11 | NEI | 10 | Brit. Oil & Min | 9 |
| Comm Union | 16 | Nat West Bk | 60 | Brit Petroleum | 35 |
| Courtaulds | 11 | P & O Dfd | 25 | Burmah Oil | 17 |
| Debenhams | 14 | Plessey | 20 | Charterhall | 9 |
| Distillers | 22 | Racal Elect | 18 | Premier | 6 |
| Dunlop | 5 | RHM | 8 | Shell | 55 |
| FNFC | 6¼ | Rank Org Ord | 24 | Tricentrol | 20 |
| Gen Accident | 42 | Reed Intnl. | 40 | Ultramar | 60 |
| Gen Electric | 16 | Sears | 8 | | |
| Glaxo | 70 | TI | 22 | **Mines** | |
| Grand Met | 30 | Tesco | 16 | Charter Cons | 24 |
| GUS A | 55 | Thorn EMI | 55 | Cons Gold | 58 |
| Guardian | 50 | Trust Houses | 18 | Lonrho | 12 |
| GKN | 20 | Turner Newall | 10 | Rio T Zinc | 60 |
| Hanson Tst | 17 | Unilever | 75 | | |

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 16

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

# CURRENCIES, MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

# Dollar defies trade deficit

BY COLIN MILLHAM

The foreign exchanges were not impressed with the record U.S. trade deficit of $10.26bn in March announced on Friday. The deficit has touched a record level on each of the first three months of the year, and is causing some concern in the light of the present fast rate of U.S. economic growth.

First quarter growth in gross national product was 8.3 per cent, considerably above the already high flash estimate of 7.2 per cent, but forecasts of the trade figures pointed to a deficit of less than $9bn. This suggests the market was taking a somewhat illogical view of events, expecting strong economic growth to keep interest rates firm, but hoping the trade deficit would narrow.

Traders may have been encouraged to take this position by the fall to 0.2 per cent from 0.4 per cent in U.S. March consumer prices at the beginning of the week, but there is no guarantee the upward trend in economic growth will not put strong pressure on inflation later this year.

Sentiment has tended to move in favour of the dollar recently, and although the trade figures were not received enthusiastically, the currency soon regained its upward momentum on the basis that inflationary pressure will keep interest rates firm. Japan has recently published a record current account surplus in March, but even this plus trade surpluses from Germany and the UK has failed to stem the dollar's rise.

The market seems much more concerned about labour unrest in Europe, however nebulous this may be.

It is by no means clear the ballot of the German metal workers' union will result in crippling strikes within the key engineering industries, or that the British miners' strike will have a strong adverse impact on industry in the UK, but it does reinforce the current belief in the dollar's underlying strength.

On this basis it was possible to justify the rise to a two-month peak of DM 2.7060 on Friday, despite the trade figures.

Sterling continued to hold steady, with the trade-weighted index slipping 0.1 per cent to 79.8 on the week. The pound lost a little more ground to the strong dollar, but improved further against the D-mark and the other members of the EMS.

### £ in New York

| | April 27 | Prev. close |
|---|---|---|
| Spot | $1.4010-4020 | $1.4015-4025 |
| 1 month | 0.26-0.37 dis | 0.25-0.28 dis |
| 3 months | 0.77-0.80 dis | 0.77-0.80 dis |
| 12 months | 3.23-3.30 dis | 3.22-3.27 dis |

£ forward rates are quoted in U.S. cents discount.

### THE POUND SPOT AND FORWARD

| April 27 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 1.3995-1.4080 | 1.4010-1.4020 | 0.23-0.28c dis | −2.18 | 0.76-0.81dis | −2.24 |
| Canada | 1.7920-1.8010 | 1.7935-1.7945 | 0.23-0.33c dis | −1.87 | 0.82-0.92dis | −1.94 |
| Nethlnd | 4.25½-4.28½ | 4.27-4.28 | 1¼-⅞c pm | 2.98 | 3½-2¾pm | 2.89 |
| Belgium | 76.90-77.40 | 77.15-77.25 | 16-21c dis | −2.87 | 49-56dis | −2.72 |
| Denmark | 13.86-13.93 | 13.91-13.92 | 2¼-2⅞ore dis | −2.15 | 6¾-7¼dis | −2.04 |
| Ireland | 1.2325-1.2395 | 1.2370-1.2380 | 0.35-0.43p dis | −3.78 | 1.06-1.22dis | −3.65 |
| W. Ger | 3.77½-3.80 | 3.79-3.80 | 1½-1pf pm | 3.55 | 3-2¾pm | 3.03 |
| Portugal | 190.75-192.50 | 191.00-191.50 | 118-317c2dis | −13.64 | 410-950dis | −14.22 |
| Spain | 212.25-214.00 | 212.50-213.00 | 115-140c dis | −7.19 | 410-460dis | −8.17 |
| Italy | 2336-2351 | 2345-2347 | 11½-13⅞lire dis | −6.48 | 38½-41dis | −6.79 |
| Norway | 10.77-10.82 | 10.78-10.79 | 3⅞-5ore dis | −4.93 | 11¼-12¾dis | −4.45 |
| France | 11.59½-11.65 | 11.63½-11.64½ | 3¼-4¼c dis | −3.99 | 10-12dis | −3.78 |
| Sweden | 11.14½-11.19½ | 11.16-11.17 | 2-3ore dis | −2.68 | 5⅞-7dis | −2.30 |
| Japan | 316-319 | 317½-318½ | 0.70-0.65y pm | 2.54 | 2.05-1.95pm | 2.51 |
| Austria | 26.55-26.70 | 26.60-26.65 | 5½-4⅛ gro pm | 2.11 | 14¾-11¼pm | 1.97 |
| Switz | 3.12-3.14½ | 3.13-3.14 | 1⅜-1¼c pm | 5.50 | 4-3¾pm | 4.86 |

Belgian rate is for convertible francs. Financial franc 78.30-78.40. Six-month forward dollar 1.56-1.61c dis. 12-month 3.18-3.28.

### OTHER CURRENCIES

| Apr. 27 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 51.99-52.08 | 37.01-37.04 | Austria | 26.55-26.85 |
| Australia Dollar | 1.5240-1.5260 | 1.0850-1.0855 | Belgium | 78.10-78.90 |
| Brazil Cruzeiro | 2,006.34-2,017.31 | 1,428-1,435 | Denmark | 13.85-14.00 |
| Finland Markka | 8.0460-8.0660 | 5.72½-5.73¼ | France | 11.60-11.70 |
| Greek Drachma | 149.20-149.60 | 106.50-106.80 | Germany | 3.77½-3.81¼ |
| Hong Kong Dollar | 11.976-10.982 | 7.8120-7.8140 | Italy | 2310-2350 |
| Iran Rial | 123.60* | 87.10* | Japan | 316-321 |
| Kuwait Dinar (KD) | 0.41455-0.41495 | 0.29480-0.29500 | Netherlands | 4.25⅛-4.29⅛ |
| Luxembourg Fr. | 77.15-77.25 | 55.08-55.10 | Norway | 10.74-10.85 |
| Malaysia Dollar | 3.2160-3.2220 | 2.2890-2.2905 | Portugal | 188-198 |
| New Zealand Dlr. | 2.1385-2.1435 | 1.5230-1.5245 | Spain | 206-215 |
| Saudi Arab. Riyal | 4.9470-4.9525 | 3.5200-3.5210 | Sweden | 11.12-11.23 |
| Singapore Dollar | 2.9290-2.9350 | 2.0850-2.0865 | Switzerland | 3.11⅛-3.14⅛ |
| Sth African Rand | 1.7473-1.7520 | 1.2455-1.2470 | United States | 1.39-1.41 |
| U.A.E. Dirham | 516.05-516.60 | 3.6720-3.6730 | Yugoslavia | 182-199 |

* Selling rates.

### EMS EUROPEAN CURRENCY UNIT RATES

| | ECU central rates | Currency amounts against ECU April 27 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 44.9008 | 45.5837 | +1.48 | +1.43 | ±1.5447 |
| Danish Krone | 8.14104 | 8.20367 | +0.77 | +0.72 | ±1.6425 |
| German D-Mark | 2.24184 | 2.23642 | −0.24 | −0.29 | ±1.0642 |
| French Franc | 6.87456 | 6.86472 | −0.14 | −0.19 | ±1.4052 |
| Dutch Guilder | 2.52595 | 2.52079 | −0.20 | −0.25 | ±1.4964 |
| Irish Punt | 0.72569 | 0.729175 | +0.48 | +0.43 | ±1.6889 |
| Italian Lira | 1403.49 | 1383.93 | −1.39 | −1.38 | ±4.1605 |

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### FORWARD RATES AGAINST STERLING

| | Spot | 1 month | 3 month | 6 month | 12 month |
|---|---|---|---|---|---|
| Dollar | 1.4015 | 1.4041 | 1.4094 | 1.4174 | 1.4338 |
| D-Mark | 3.7950 | 3.7788 | 3.7563 | 3.7369 | 3.6874 |
| French Franc | 11.6400 | 11.6775 | 11.7500 | 11.9015 | 12.1671 |
| Swiss Franc | 3.1350 | 3.1200 | 3.0963 | 3.0601 | 2.9915 |
| Japanese Yen | 318.0 | 317.3 | 316.0 | 313.9 | 309.5 |

### BANK OF ENGLAND TREASURY BILL TENDER

| | April 27 | April 19 | | April 27 | April 19 |
|---|---|---|---|---|---|
| Bills on offer | £100m | £100m | Top Accepted rate of discount | 8.3629% | 8.3830% |
| Total of applications | £586m | £588.8m | Average rate of discount | 8.3629% | 8.3800% |
| Total allocated | £100m | £100m | Average yield | 8.54% | 8.56% |
| Minimum accepted bid | £97.915 | £97.91 | Amount on offer at next tender | £100m | £100m |
| Allotment at minimum level | 92% | 14% | | | |

### THE DOLLAR SPOT AND FORWARD

| April 27 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.3995-1.4080 | 1.4010-1.4020 | 0.23-0.28c dis | −2.18 | 0.76-0.81dis | −2.24 |
| Ireland† | 1.1357-1.1402 | 1.1327-1.1337 | 0.20-0.13c pm | 1.74 | 0.52-0.40pm | 1.97 |
| Canad | 1.2791-1.2810 | 1.2796-1.2801 | 0.05-0.03c pm | 0.42 | 0.10-0.08pm | 0.28 |
| Nethlnd | 3.0315-3.0495 | 3.0485-3.0495 | 1.36-1.30c pm | 5.22 | 3.75-3.70pm | 4.89 |
| Belgium | 54.80-55.10 | 55.08-55.10 | 2½-4c dis | −0.71 | 4-6dis | −0.36 |
| Denmark | 9.8920-9.9325 | 9.9275-9.9325 | 0.40-0.10ore pm | 3.02 | 2.10-1.60pm | 0.74 |
| W. Ger | 2.6880-2.7095 | 2.7055-2.7065 | 1.28-1.23pf pm | 5.58 | 3.58-3.53pm | 5.27 |
| Portugal | 136.50-137.20 | 136.60-137.10 | 60-200c dis | −11.39 | 220-600dis | −11.98 |
| Spain | 151.60-152.25 | 152.00-152.25 | 67-72c dis | −5.48 | 225-255dis | −6.31 |
| Italy | 1668-1675 | 1674-1675 | 6.20-6.70lire dis | −4.64 | 19-19¾dis | −4.64 |
| Norway | 7.6900-7.7150 | 7.6950-7.7000 | 1.55-1.85ore dis | −2.64 | 4.00-4.30dis | −2.15 |
| France | 8.2500-8.3150 | 8.3075-8.3125 | 1.15-1.35c dis | −1.81 | 3.40-3.90dis | −1.75 |
| Sweden | 7.9575-7.9820 | 7.9650-7.9700 | 0.20-0.40ore dis | −0.45 | 0.10-0.30dis | −0.10 |
| Japan | 225.80-227.20 | 226.60-226.70 | 0.91-0.87y pm | 4.71 | 2.67-2.62pm | 4.67 |
| Austria | 18.97-19.50 | 19.02-19.05 | 7.20-6.60gro pm | 4.15 | 21-19pm | 4.21 |
| Switz | 2.2220-2.2370 | 2.2345-2.2355 | 1.50-1.46c pm | 7.96 | 4.02-3.97pm | 7.16 |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 55.87-55.92.

### CURRENCY MOVEMENTS

| Apr. 27 | Bank of England Index | Morgan Guaranty Changes% |
|---|---|---|
| Sterling | 79.7 | −11.1 |
| U.S. dollar | 128.9 | +17.8 |
| Canadian dollar | 89.1 | −2.4 |
| Austrian schilling | 115.8 | +4.8 |
| Belgian franc | 90.1 | −10.9 |
| Danish kroner | 78.4 | −5.9 |
| Deutsche mark | 125.8 | +7.9 |
| Swiss franc | 146.8 | +11.0 |
| Guilder | 115.1 | +4.1 |
| French franc | 66.5 | −16.2 |
| Lira | 48.0 | −13.1 |
| Yen | 160.5 | +16.9 |

Morgan Guaranty changes: average 1980-82=100. Bank of England index (base average 1975=100).

### CURRENCY RATES

| April 27 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | — | 0.748009 | 0.590928 |
| U.S. $ | 9 | 1.04996 | 0.829072 |
| Canadian $ | 10.84 | * ua | 1.06088 |
| Austria Sch | 4¼ | ua | 15.7276 |
| Belgian Fr | 11 | 57.7305 | 45.5837 |
| Danish Kr | 7 | 10.3917 | 8.20367 |
| D'mark | 4 | 2.83045 | 2.23642 |
| Guilder | 5 | ua | 2.52079 |
| French Fr | 9½ | 8.69546 | 6.84472 |
| Lira | 16 | 1755.83 | 1383.93 |
| Yen | 5 | 237.243 | 187.495 |
| Norwgn Kr | 8 | 8.09746 | 6.38054 |
| Spanish Pta | — | 159.583 | 126.977 |
| Swedish Kr | 8½ | 8.37044 | 6.59858 |
| Swiss Fr | 4 | 2.33936 | 1.85049 |
| Greek Dr'ch | 20½ | — | 88.3293 |

*C$/SDR rate for April 26: 1.34541.

### EXCHANGE CROSS RATES

| Apr. 27 | Pound St'rling | U.S. Dollar | Deutsche m'k | Japanese Yen | French Franc | Swiss Franc | Dutch Guild | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 1.402 | 3.795 | 318.0 | 11.64 | 3.135 | 4.275 | 2346. | 1.794 | 77.20 |
| U.S. Dollar | 0.714 | 1. | 2.708 | 226.9 | 8.305 | 2.237 | 3.050 | 1674. | 1.280 | 55.08 |
| Deutschemark | 0.264 | 0.369 | 1. | 83.79 | 3.067 | 0.826 | 1.126 | 618.2 | 0.473 | 20.34 |
| Japanese Yen 1,000 | 3.145 | 4.407 | 11.93 | 1000. | 36.60 | 9.858 | 13.44 | 7377. | 5.642 | 242.8 |
| French Franc 10 | 0.859 | 1.204 | 3.260 | 273.2 | 10. | 2.693 | 3.673 | 2015. | 1.541 | 66.32 |
| Swiss Franc | 0.319 | 0.447 | 1.211 | 101.4 | 3.715 | 1. | 1.364 | 748.3 | 0.572 | 24.63 |
| Dutch Guilder | 0.234 | 0.328 | 0.888 | 74.39 | 2.723 | 0.733 | 1. | 548.8 | 0.420 | 18.06 |
| Italian Lira 1,000 | 0.426 | 0.597 | 1.618 | 135.5 | 4.962 | 1.336 | 1.822 | 1000 | 0.765 | 32.91 |
| Canadian Dollar | 0.556 | 0.781 | 2.115 | 177.3 | 6.488 | 1.747 | 2.383 | 1308. | 1. | 43.03 |
| Belgian Franc 100 | 1.295 | 1.815 | 4.916 | 411.9 | 15.08 | 4.061 | 5.538 | 3039. | 2.324 | 100. |

### EURO-CURRENCY INTEREST RATES (Market closing rates)

| Apr. 27 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | D-mark | French Franc | Italian Lira | Belgian Franc Conv. | Belgian Franc Fin. | Yen | Danish Kroner |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Short term | 8⅝-8¹¹⁄₁₆ | 10⅛-10⅜ | 10-10⅜ | 5¹¹⁄₁₆-5¹³⁄₁₆ | 1-1¼ | 5½-5⅝ | 11¾-12 | 11-12½ | 12¾-13¼ | 12¼-12¾ | 6-6⅛ | 12⅞-13⅜ |
| 7 days' notice | 8⅝-8⅞ | 10⅜-10⅝ | 10-10⅜ | 5⅝-5¾ | 6¼-6½ | 5⅝-5¾ | 11⅞-12⅛ | 14⅞-15⅞ | 12¼-12¾ | 11⅝-11⅞ | 6-6⅛ | 10⅝-11⅛ |
| Month | 8⅝-8⅝ | 10½-10¾ | 10-10⅞ | 5¾-5⅞ | 3⅛-3⅜ | 5⅛-5½ | 12-12¼ | 14¾-15¼ | 11¾-12¼ | 11⅜-11⅝ | 6-6⅛ | 11-11⅛ |
| Three months | 8⁹⁄₁₆-8⅞ | 10¹³⁄₁₆-11¹⁄₁₆ | 10½-10⅞ | 5½-6⅛ | 3¹¹⁄₁₆-3¹³⁄₁₆ | 5⅝-5¹¹⁄₁₆ | 12⅜-12⅝ | 15⅝-15⅞ | 11¾-12¼ | 11⅜-11⅝ | 6⅛-6¼ | 10⅝-11⅛ |
| Six months | 9⅛-9⅜ | 11⅛-11⅜ | 10⅞-11⅛ | 6⅛-6¼ | 3½-4⅛ | 6⅛-6⅞ | 13⅜-13⅝ | 16⅛-16⅝ | 11¾-12¼ | 11⅜-11⅝ | 6¼-6⅜ | 10⅝-11⅛ |
| One year | 9⅝-9⅞ | 11⅝-11⅞ | 11⅜-11⅝ | 6½-6⅝ | 4⅛-4⅜ | 6⅛-6¼ | 14-14½ | 16⅞-17⅜ | 11¾-12¼ | 11½-11¾ | 6⅛-6⅜ | 11¼-11¾ |

Asian $ (closing rates in Singapore): Short-term 10½-10⅝ per cent; seven days 10½-10⅝ per cent; one month 10⅝-10¾ per cent; three months 10⅞-11 per cent; six-months 11³⁄₁₆-11⁵⁄₁₆ per cent; one year 11¹¹⁄₁₆-11¹³⁄₁₆ per cent. Long-term Eurodollars two years 12½-12¾ per cent; three years 12¾-13 per cent; four years 12⅞-13⅛ per cent; five years 13-13¼ per cent nominal closing rates. Short-term rates are call for U.S. banks and Japanese yen; two days' notice.

## FINANCIAL FUTURES

### LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 88.90 | 88.95 | 88.89 | 88.98 |
| Sept | 88.37 | 88.40 | 88.36 | 88.43 |
| Dec | 87.94 | 87.96 | 87.94 | 88.01 |
| March | 87.58 | 87.60 | 87.58 | 87.64 |
| June | — | — | — | 87.33 |

Volume 2,806 (2,857)
Previous day's open int 14,705 (15,089)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 91.01 | 91.03 | 91.00 | 91.05 |
| Sept | 90.61 | 90.64 | 90.61 | 90.65 |
| Dec | 90.28 | 90.32 | 90.29 | 90.32 |
| March* | — | — | — | — |
| June* | — | — | — | — |

Volume 448 (870)
Previous day's open int 8,747 (8,627)
*£500,000 points of 100%

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 106-22 | 107-07 | 106-21 | 107-10 |
| Sept | — | — | — | 106-22 |
| Dec | — | — | — | 106-33 |
| March | — | — | — | — |
| June | — | — | — | — |

Volume 1,639 (2,528)
Previous day's open int 4,658 (4,821)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 22 to 34 (32nds)

STERLING £25,000 $ per £

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 1.4085 | 1.4095 | 1.4040 | 1.4090 |
| Sept | — | — | — | — |

Volume 147 (139)
Previous day's open int 2,165 (2,043)

DEUTSCHE MARKS DM125,000 $ per DM

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 0.3734 | 0.3742 | 0.3710 | 0.3731 |
| Sept | — | — | — | — |

Volume 35 (116)
Previous day's open int 482 (478)

SWISS FRANCS SwFr 125,000 $ per SwFr

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 0.4524 | 0.4533 | 0.4520 | 0.4530 |
| Sept | 0.4604 | 0.4607 | 0.4607 | — |

Volume 11 (3)
Previous day's open int 226 (214)

JAPANESE YEN Y12.5m $ per Y100

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 0.4443 | 0.4443 | 0.4430 | 0.4450 |
| Sept | — | — | — | 0.4503 |

Volume 21 (29)
Previous day's open int 470 (473)

### CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 64-31 | 65-12 | 64-26 | 65-18 |
| Sept | 64-13 | 64-25 | 64-07 | 65-00 |
| Dec | 63-31 | 64-10 | 63-28 | 64-17 |
| March | 63-19 | 63-28 | 63-15 | 64-05 |
| June | 63-08 | 63-17 | 63-05 | 63-26 |
| Sept | 62-30 | 63-08 | 62-28 | 63-16 |
| Dec | 62-22 | 62-26 | 62-19 | 63-08 |
| March | 62-15 | 62-18 | 62-13 | 63-01 |

U.S. TREASURY BILLS (IMM) $1m points of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 89.98 | 90.09 | 89.95 | 90.12 |
| Sept | 89.48 | 89.58 | 89.47 | 89.61 |
| Dec | 89.08 | 89.17 | 89.07 | 89.21 |
| March | 88.78 | 88.87 | 88.75 | 88.91 |
| June | 88.52 | 88.65 | 88.52 | 88.64 |
| Sept | 88.30 | 88.33 | 88.30 | 88.42 |
| Dec | 88.11 | — | 88.11 | 88.22 |
| March | 87.92 | — | 87.92 | 88.02 |

CERT. DEPOSIT (IMM) $1m points of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 88.99 | 89.08 | 88.97 | 89.13 |
| Sept | 88.41 | 88.52 | 88.39 | 88.56 |
| Dec | 87.95 | 88.03 | 87.94 | 88.08 |
| March | 87.55 | 87.61 | 87.54 | 87.69 |

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 88.55 | 88.65 | 88.54 | 88.68 |
| Sept | 87.99 | 88.08 | 87.98 | 88.12 |
| Dec | 87.54 | 87.62 | 87.53 | 87.66 |
| March | 87.16 | 87.23 | 87.15 | 87.27 |
| June | 86.81 | 86.90 | 86.80 | 86.94 |

STERLING (IMM) $s per £

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 1.4050 | 1.4120 | 1.4025 | 1.4085 |
| Sept | 1.4125 | 1.4180 | 1.4120 | 1.4160 |
| Dec | 1.4200 | 1.4250 | 1.4142 | 1.4235 |
| March | 1.4276 | 1.4320 | 1.4280 | 1.4310 |

GNMA (CBT) 8% $100,000 32nd of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 67-19 | 67-26 | 67-11 | 67-29 |
| Sept | 66-22 | 66-26 | 66-16 | 67-01 |
| Dec | 65-27 | 66-00 | 65-21 | 66-06 |
| March | 65-04 | 65-09 | 64-31 | 65-15 |
| June | 64-17 | — | — | 64-28 |
| Sept | 64-01 | — | — | 64-12 |
| Dec | 63-20 | 63-20 | 63-18 | 63-31 |

### WEEKLY CHANGE IN WORLD INTEREST RATES

| | Apr. 27 | change |
|---|---|---|
| **LONDON** | | |
| Base rates | 8½-8¾ | Unch'd |
| 7 day interbank | 8⅝ | +1/32 |
| 3 mth interbank | 8⅞ | −⅛ |
| Treasury Bill Tender | 8.3629 | −0.0171 |
| Band 1 Bills | 8¼ | Unch'd |
| Band 2 Bills | 8⅛ | Unch'd |
| Band 3 Bills | 8¼ | Unch'd |
| 3 Mth. Treasury Bills | 8¹³⁄₃₂ | Unch'd |
| 1 Mth. Bank Bills | 8½ | Unch'd |
| 3 Mth. Bank Bills | 8⅝ | Unch'd |
| **TOKYO** | | |
| One month Bills | 6.09375 | −0.0625 |
| Three month Bills | 6.21875 | −0.0625 |
| **BRUSSELS** | | |
| One month | 11½ | +⅛ |
| Three month | 11½ | +⅛ |
| **AMSTERDAM** | | |
| One month | 5¹³⁄₁₆ | −1/16 |
| Three month | 5¹⁵⁄₁₆ | −⅛ |
| **NEW YORK** | | |
| Prime rates | 12 | Unch'd |
| Federal funds | 10⅜ | −⅛ |
| 3 Mth. Treasury Bills | 9.60 | −0.16 |
| 6 Mth. Treasury Bills | 9.82 | −0.04 |
| 3 Mth. C D | 10.25 | −0.04 |
| **FRANKFURT** | | |
| Lombard | 5.50 | Unch'd |
| One Mth. Interbank | 5.60 | −0.05 |
| Three month | 5.775 | Unch'd |
| **PARIS** | | |
| Intervention Rate | 12 | Unch'd |
| One Mth. Interbank | 12.3125 | Unch'd |
| Three month | 12.375 | −0.0625 |
| **MILAN** | | |
| One month | 17¹⁄₁₆ | Unch'd |
| Three month | 17⁷⁄₁₆ | Unch'd |
| **DUBLIN** | | |
| One month | 12⅝ | Unch'd |
| Three month | 12⅞ | +1/16 |

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, and band 3 bills 34 to 63 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week. Band 4 bills 8⅞.

## MONEY MARKETS

# Little change in general situation

Interest rates were little changed on the London money market throughout last week. There was little change in the situation with regard to the miners' strike and this helped underpin sterling on the foreign exchanges. The pound declined against the strong dollar but maintained a healthy tone against other major currencies, and was hardly changed on balance.

On this basis London interest rates were steady, and although New York rates were somewhat volatile there was growing hope that the Federal Reserve does not intend to let the Federal funds rate move much higher in the near term. This followed the announcement on Wednesday of system repurchase agreements for Wednesday and Thursday adding liquidity to the New York banking system.

Federal funds were as low as 9½ per cent Tuesday, but moved up in early trading Wednesday. The Federal Reserve intervened at a rate of 10½ per cent, and this appears to be about the target level at the moment.

In London money market conditions tightened as the week progressed. On Tuesday liquidity appeared to be adequate, but there was probably a small underlying shortage because banks brought forward run down balances of about £55m after the authorities provided late assistance of £50m.

Wednesday's forecast of a £650m shortage was finally revised to £550m, but on Thursday the forecast shortage of £550m was later changed to £600m, and on Friday to £650m from £750m.

Any nervousness in the market was well contained by the authorities however, and by Friday afternoon dealers reported that sentiment was particularly good. This was helped by early intervention each day by the Bank of England, establishing unchanged dealing rates from the start, largely through purchases of longer dated band 4 bills.

Last week's total shortage was considerably larger than expected and the market has shown signs of nervousness lately, but as a result of the Federal Reserve's and the Bank of England's intervention tactics, and sterling's performance on the foreign exchanges, there was a steady improvement in the mood of the market.

### MONEY RATES

| Apr. 27 | Frankfurt | Paris | Zurich | Amst'dam | Tokyo | Milan | Brussels | Dublin |
|---|---|---|---|---|---|---|---|---|
| Overnight | 5.50 | 12⅞ | 1⅛-2⅛ | 5⅛-5⅜ | 5.90625 | 16⅞-17¼ | 11.90 | 11⅞-12⅛ |
| One month | 5.55-5.65 | 12¼-12⅜ | 3⅛-3⅛ | 5¾-5⅞ | 6.09375 | 16⅞-17¼ | 11⅜-11⅝ | 12½-12⅝ |
| Two months | 5.65-5.80 | 12¼-12⅜ | — | — | — | — | — | 12¹¹⁄₁₆-12¹³⁄₁₆ |
| Three months | 5.70-5.85 | 12⁵⁄₁₆-12⁷⁄₁₆ | 3⁵⁄₁₆-3⁷⁄₁₆ | 5⅞-6 | 6.21875 | 17¼-17⅞ | 11⅜-11⅝ | 12¹¹⁄₁₆-12¹³⁄₁₆ |
| Six months | 5.80-5.95 | 12⁵⁄₁₆-12⁷⁄₁₆ | — | 6⅛-6¼ | — | — | 11⅜-11⅝ | 12⅞-13⅛ |
| Lombard | 5.5 | — | — | — | — | — | — | — |
| Intervention | — | 12 | — | 5⅞ | — | — | — | — |

### LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

| Apr. 27 1984 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Company Deposits | Market Deposits | Treasury (Buy) | Treasury (Sell) | Eligible Bank (Buy) | Eligible Bank (Sell) | Fine Trade (Buy) |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 3-9⅛ | 8⅝-9⅛ | 8¼-9¼ | 3-8¹¹⁄₁₆ | — | — | — | — | — |
| 2 days notice | — | — | 8⅝-8¾ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 day notice | — | 8⅝-8¹¹⁄₁₆ | 8⅝-8¾ | 8⅝-9 | 8½ | — | — | — | — | — |
| One month | 8½-8⅝ | 8⁹⁄₁₆-8¹¹⁄₁₆ | 8⅝ | 8¹¹⁄₁₆-8¹³⁄₁₆ | 8½ | 8½ | 8¹¹⁄₃₂ | 8½ | 8⅜ | 9⅛ |
| Two months | 8¾-8¹¹⁄₁₆ | 8⅝-8¾ | 8¹¹⁄₁₆ | 8⅞-8¹⁵⁄₁₆ | 8¼-8⅝ | 8¹³⁄₃₂ | 8⁵⁄₁₆ | 8¹⁵⁄₃₂ | 8⁵⁄₁₆ | 9⅛ |
| Three months | 8⅞-8¹³⁄₁₆ | 8⅞-8¹⁵⁄₁₆ | 8¾ | 9¹⁄₁₆-9⅛ | 8½-8⅝ | 8¹³⁄₃₂ | 8⁵⁄₁₆ | 8¹³⁄₃₂ | 8⅝ | 9⅛ |
| Six months | 8¹⁵⁄₁₆-9 | 9¹⁄₁₆-9⅛ | 9⅛ | — | — | — | — | 8¹⁵⁄₃₂ | 8⅝ | 9⁵⁄₁₆ |
| Nine months | 9¼-9⅜ | 9⅜-9⁷⁄₁₆ | 9¼ | — | — | — | — | — | — | — |
| One year | 9⅜-9⁷⁄₁₆ | 9⁷⁄₁₆-9½ | 9⅜ | — | — | — | — | — | — | — |

| | Local Auth. negotiable bonds | Local Authority Deposits | Finance House Deposits | $ Cert of Deposits | SDR Linked Deposits | ECU Linked Deposits |
|---|---|---|---|---|---|---|
| One month | 9⅛-8⅞ | — | 8¹¹⁄₁₆ | 10.45-10.55 | 8⅞-9⅛ | 8⅞-9¹⁄₁₆ |
| Two months | 9¼-9 | — | 8¹³⁄₁₆ | 10.6-10.7 | 9-9¼ | 8¹⁵⁄₁₆-9⅛ |
| Three months | 9¼-9 | — | 8¹⁵⁄₁₆ | 10.7-10.8 | 9¾-9⅞ | 9¹⁄₁₆-9¼ |
| Six months | 9⅝-9⅛ | — | 9¹⁄₁₆ | 11.0-11.1 | 9½-9¾ | 9⁵⁄₁₆-9¾ |
| Nine months | 9⅝-9⅜ | — | 9⅜ | 11.35-11.45 | — | — |
| One year | 9⅝-9⅜ | — | 9½ | 11.55-11.75 | 9⅞-10⅛ | 9¹³⁄₁₆-10⅛ |
| Two years | — | 10¼ | — | — | — | — |
| Three years | — | 10½ | — | — | — | — |
| Four years | — | 10⅝ | — | — | — | — |
| Five years | — | 10¾ | — | — | — | — |

ECGD Fixed Rate Export Finance Scheme IV. Average Rate of Interest period March 7 to April 3 1984 (inclusive): 8.976 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 9½ per cent from April 1, 1984. London and Scottish Clearing Bank Rates for lending 8½-8¾ per cent. London Deposit Rate for sums at seven days' notice 5¾-5½ per cent. Treasury Bills: Average tender rates of discount 8.3629 per cent. Certificates of Tax Deposit (Series 6). Deposit of £100,000 and over held under one month 8¾ per cent; one-three months 8¾ per cent; three-six months 9 per cent; six-nine months 9¼ per cent; nine-12 months 9½ per cent. Under £100,000 8½ per cent from April 11. Deposits held under Series 4-5 9½ per cent. The rate for all deposits withdrawn for cash 7 per cent.

### NEW YORK (4 pm)

| | |
|---|---|
| Prime rate | 12 |
| Broker loan rate | 11½ |
| Fed funds | 10½ |
| Fed Funds at intervention | 10⅜ |

**Treasury Bills**

| | |
|---|---|
| One month | 8.90 |
| Two month | 9.20 |
| Three month | 9.70 |
| Six month | 9.89 |
| One year | 10.07 |

**Treasury Bonds**

| | |
|---|---|
| Two year | 99¹³⁄₁₆ |
| Three year | 97⅞ |
| Four year | 98²³⁄₃₂ |
| Five year | 97²⁷⁄₃₂ |
| Seven year | 98½ |
| 10 year | 94¹⁵⁄₃₂ |
| 30 year | 93²⁷⁄₃₂ |

### FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. April 27)

| 3 months U.S. dollars | |
|---|---|
| bid 10 7/8 | offer 11 |
| **6 months U.S. dollars** | |
| bid 11 5/16 | offer 11 5/16 |

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

# FINANCIAL TIMES SURVEY

# INDONESIA

The domestic economic achievements of the last 18 months have deservedly earned the applause of bankers and economists. On the international scene, too, Indonesia is playing a fuller part. The goals set by President Suharto still face a number of obstacles, however, particularly on the political front

## A major nation in the making

**THERE'S AN old saying about Indonesia: if you understand what is going on, you're probably badly informed. Visitors who've spent just a few days in the world's fifth most populous nation feel they could write a book about it. Those who have travelled its length and breadth—equivalent to moving from Ireland to the Soviet Union, Scandinavia to the Mediterranean—defer such plans.**

**BY CHRIS SHERWELL**
*South East Asia Correspondent*

Straddling the equator, Indonesia's 13,670 islands feature strings of volcanoes, snow-capped mountains, dense jungles, lowland plains and swamps and palm-fringed beaches. They offer untold wealth in oil, gas, minerals and timber, and fertile soils for rice, rubber, palm oil, sugar, coffee and spices.

Above all, they offer people. This is where some of Earth's earliest men lived, the place where migrating Malay and other peoples from the north settled, where diverse cultures met. Animism, Buddhism, Hinduism, Islam and Christianity have all been absorbed, from visiting Arabs, Indians, Chinese and Europeans.

Each has contributed to a unique mixture which, with the end of Dutch colonialism in 1949, has slowly been forged into a unity, stability and economic development that few outsiders can easily appreciate.

At the head of this vast country which seems to have experienced everything stands President Suharto, 62 years old, 17 years in power and unchallenged. As a Javanese Moslem army general he elegantly combines the three dominant influences in Indonesia today. A cautious, reserved man, he has achieved almost royal standing and is described—not without justice—as the father of modern Indonesia.

Always active, Suharto regularly travels to outlying spots in the archipelago when not performing ceremonial functions in Jakarta. Day-to-day running of the Government is left to Sudharmono, his influential state secretary who heads Golkar, the Government's political machine, Benny Murdani, the powerful head of the army, a Catholic who also commands intelligence, and to the "Berkeley Mafia" of U.S.-educated technocrats who guide the economy.

But nothing of importance happens without Suharto's authority and approval. His power is awesome, borne of a ruthlessness in dealing with potential opposition and a skill in balancing the competing demands of army, bureaucracy and regional or local interests. It is an autocratic consensus-building of a peculiarly Indonesian kind, manifested most clearly in the catch-all national ideology called Pancasial and held in place with the glue of a single language.

Suharto's approach, after the chaos of the 1940s independence struggle and the bloody end of the Sukarno era in 1965-66, has yielded a political quiescence which represents the country's greatest stability of modern times. But it has also left wide open the question of the succession.

This is probably as Suharto would like it. Patently enjoying his role, he could—barring unforeseen circumstances—plan to stay in power for another decade. At that time, by his own judgment, Indonesia will be ready for "take off" into the truly modern industrial age.

To judge by achievements so far, this is not an impossible goal. In the 1970s the bounty of inflated oil revenues brought average real growth rates of 7.8 per cent per year, higher than most countries. Most outsiders remember Indonesia in this period for the Pertamina debt crisis which hit the state oil corporation in 1975. Less know of the remarkable decline in infant mortality, the successes in family planning, the rise in primary school enrolment or the improved rice production.

Yet plenty remains to be done. Average per capita income of less than U.S.$600 per year puts Indonesia unacceptably low down the Asian wealth table. About two-thirds of the 158m population is under 25, and more than 9m people will join the labour force in the coming five years. Meanwhile the promise of continuously growing oil revenues has evaporated with the industrial world's crippling 1981-82 recession and the March 1983 drop in global oil prices.

Indeed, by the early part of last year, many of Suharto's dreams looked like being shattered. But in the single most important development of the past 18 months, he decided to confront head on the double challenge of stabilising the Government's upset finances and reducing the petroleum dependence of Asia's largest oil exporter.

Crucially, he backed his technocrats and ordered immediate austerity — cuts in consumer subsidies, a 27.5 per cent devaluation of the rupiah and a "rephasing" (cancellation or deferral) of four dozen capital intensive projects. As a result, a current account deficit which promised to balloon some 55 per cent to U.S.$11bn in 1983-84 has instead contracted to U.S.$4bn-U.S.$4.5bn. Depleted reserves have also been built up, and the overall debt position is favourable.

At the same time, a powerful performance in agriculture, which still employs 55 per cent of the workforce, together with strong demand for non-oil exports and a better-than-expected oil picture have all brought a real growth rate of at least 4 per cent in calendar 1983, after 1982's disappointing 2.2 per cent. This augurs well for the five year plan which began this month and projects annual real growth averaging 5 per cent.

To reduce the country's oil dependence in the longer term, the Government launched radical banking reforms last June aimed at mobilising domestic savings and introduced a new taxation structure in January to boost non-oil revenues. A period of transition has thus begun. It could be protracted, but the Government's intent is clear.

All these actions have deservedly earned Indonesia the applause of bankers, economists, governments and agencies like the World Bank, and they stand in sharp contrast to the continuing malaise of its populous, oil-producing African counterpart, Nigeria. But obstacles remain to the achievement of Suharto's goals.

One is pervasive, ingrained corruption and a ponderous self-serving bureaucracy. On this a campaign against red tape and inefficiency has also been launched as part of a general drive to curb the role of government in the economy, and it has already opened some sceptics' eyes.

Another set of problems is more political: an inherent difficulty in allowing village-level democracy to creep higher, a domineering stance by the Javanese, an ambiguous attitude towards certain minorities such as the Chinese, and the extraordinary tolerance of death squads which have carried out thousands of so-called "mysterious killings" over the past two years.

None of this has prevented Indonesia attracting foreign investors or hampered the country's international role. Resilient, conservative, insular Indonesia, of all the South East Asian countries, has the greatest potential to be a major world power. But it remains a lumbering if not slumbering giant, reckoned even by its own people to be as capable of tearing itself apart in its diversity as it is able to embrace and absorb outside influences without damage to its fundamental spirit.

In an attempt to capture this essence, the state crest—a pictorial representation of the strands of Pancasila—sums it all up in a motto: Bhinneka Tunggal Ika—"We are many but we are one." But there is also a serviceable if overworked phrase which, for outsiders, helps explain everything incomprehensible: "Remember this is Indonesia."

President Suharto: nothing of importance happens without his authority and approval

### CONTENTS



Editorial production of this survey by Mike Smith.
Design: Philip Hunt

### BASIC STATISTICS

Total population: 158.1m
Land area: 741,101 sq miles
Labour force: 63.5m
GDP (1982, at current market prices): Rp 59,633bn
GDP growth (1982, at constant 1973 prices): 2.2%
GDP growth (1983, at constant 1973 prices): 4%
Oil production (1983): 1.42m b/d (est.)
Oil exports (1983): U.S.$11.3bn (prov.)
Gas exports (1983): $2.5bn (prov.)
Non-oil/gas exports (1983): $4.78bn (prov.)
Total imports (1983): 27.8bn (prov.)
Current account deficit (1983/84): $4bn-$4.5bn (est.)
Overall balance of payments deficit (1983/84): $2bn (est.)

Indonesia's 4,000 islands stretch, east to west, further than the distance between the Western and Eastern seaboards of the U.S. More than two-thirds of the country's 150m people live on the fertile island of Java. Indonesian Borneo, on the other hand, is as big as Texas and has 5m inhabitants. Understandably much of the country's three decades of full nationhood has been taken up trying to keep this vast archipelago together.


# Maintenance of unity the major challenge

## Politics

POLITICAL FREEDOM and development often seem to take a back seat to social and economic issues in Indonesia. This may not seem surprising, given the *major challenges* the country faces—the creation of food production, the development of new energy sources and the spreading of its population burden.

Indeed, given the contradiction in the Indonesian character, it is often said that Indonesia will continue to alternate between freedom and a form of repression and that prospects for radical change in its political system are minimal.

For now, President Suharto rules unchallenged, though occasionally there are echoes of the struggle for Indonesia's future that fascinate, without apparently pre-occupying, its army and civilian forces, its Moslems and secularists, the *older and the younger* generation, the bureaucrats and politicians.

### Maturing

A key development has been the maturing of the Government-backed Golkar Party, which at its national congress last October elected a new generation of civilian leaders, and sought to improve *democratic participation* at the grass roots, thus ending years of dominance by government and military leaders.

For some, this indicated that a transition from military to civil rule was firmly envisaged for the 1990s, though others claimed that Golkar's role as a component of the new order was being exaggerated by western analysts used to looking at political parties in a manner totally inappropriate to Indonesia's political framework.

Golkar was created by the army in the Sukarno era, and is the Government's political machine. Its function has been to represent and control the country's multitude of special *interest groups*, while relying on the giant civil service union, Korpri, for election campaign manpower.

At its congress, Golkar took steps to restructure and democratise itself, partly by adopting a new system of individual membership, based on cadres. *Above* all, it elected retired Army Lt Gen Sudharmono as its General Chairman. Sudharmono is Minister of State for the powerful State Secretariat, and President Suharto's closest aide.

To its second highest position, that of Secretary General, the party elected for the first time a civilian Sarwono Kusumaatmadja, the brother of Foreign Minister Mochtar Kusumaatmadja.

One close observer described it as a watershed congress that could pave the way for a "civilian president after Suharto's successor." Any move towards civilian rule would have to pass the closest scrutiny of the army, which is slowly disengaging *itself* from overt political involvement, though is itself divided into liberal and conservative camps.

"They've told us to go ahead with plans to bring civilian government to Indonesia," Mr Kusumaatmadja said at the time. "But they've warned us *not to step on the army's toes*, and also not to fail."

The assumption is that if the civilian rule is to come to Indonesia, Golkar is the only political vehicle with the means to give it legitimacy. The two main opposition groups — the Moslem-based United Party (*PPP*), and the Democratic Party (PDI) — having been emasculated under Suharto. Yet Golkar must resolve its own problems and faction fighting. In the 1982 general election, Golkar won 64 per cent of the vote and two thirds of the seats in parliament, but nearly *foundered* through in-fighting.

One of the main problems has been conflict between Moslem moderates determined that Golkar should retain a positive Islamic face, and secularists who claim the president supports their view that most of the country's 120m Moslems would accept a separation of church and state.

The significance of Gen *Sudharmono's* selection as General Chairman is that in many quarters the appointment is viewed as singling him out as Suharto's likeliest successor. *He* is the country's top bureaucrat, and the president's most trusted confidante.

### 'Side-show'

However, others emphasise that other heirs apparent have surfaced over the last 16 years, *only to fade from view, and* stresses that the president himself could easily rule for another decade.

It is also argued that Golkar's role in the Indonesia scheme of things is hardly central—that instead, it is largely a side-show to the three institutions that really matter, namely the Presidency, the Department of Defence and Security, and the civilian bureaucracy, the latter *two of which are in any case* instruments of presidential power.

At one embassy, I was told of the "placidity and resignation" that characterise the political scene, despite potential frictions. "Everyone watches the students, but the campus normalisation policy put an end to student politics. All the students want is to study hard to get good jobs.

"The recession has been felt: transport and fuel costs are up. But there have not been riots. Essential commodities — rice, sugar, cooking oil, etc—are available, and prices are watched. The people simply work harder. Anyway, the politicians have been mobilised—out into the provinces—to explain why *times are harder*."

If the price of oil dropped by U.S.$5 a barrel, the political ramifications for the Suharto regime would be considerable. The urban poor might well decide its back was broken. On the other hand, there is a large, semi-official middle-class which *to a large* extent has been co-opted by economic prosperity. These people have access to cars, TVs, videos, and are much better off than their parents. They eat live and entertain in relative style.

Another group, however, enjoys a longer-term perspective. It is orgainsing for the future, learning more about Islam, becoming better Muslims. As for the rural poor, the Government works hard to keep them unorganised. The political and security aspects of transmigration (the Government's massive resettlement programme, designed to combat overcrowding and landlessness in Java by moving farmers and peasants to the sparsely populated *islands* of *Sumatra*, Sulamesi and Kalimantan) have always outweighed its economic and social considerations.

Some of these themes were echoed at another embassy, by a Suharto-watcher who was adamant that no presidential successor was yet visible. "Remember, Suharto is still relatively young. It would be different if he were pushing a bullock cart, but for a president, he paces himself well. There is no obvious successor, though it is a safe bet that the next leader of Indonesia will be a *Javanese Muslim general*."

To date, the President has either won his political opponents over, out-manoeuvred them, bought them off, or eliminated them. In some eyes, he is not so much a father *figure as an emperor*. Though opponents call him a dictator, his pre-occupation with consensus and traditional Javanese harmony, allied to lack of flamboyance, not only account for much of his success in reducing factional struggling, but for lowering internal conflict to its present *minimum*.

Though his opponents see no immediate prospect of an upheaval, and no risk to the president, there are frictions and problems, from the effect of the recession on Indonesia's poor to opposition to secularisation from Moslem militants.

There is a resentment of religious and ethnic minorities, particularly Christian and Chinese businessmen, the latter of whom dominate *the* private sector. Corruption is ingrained, and personal freedoms limited — though, as liberals concede, there is almost no way to measure opposition and resentment, even though a debate, of sorts, is conducted in the Press.

Some critics maintain that in its drive to promote growth, foster industry and tap the new technologies, the Government has neglected democratisation and the honouring of human rights. One opponent has even warned that "Western countries should realise that their aid is *going to a corrupt régime*. It's like pouring water into a bamboo bucket."

### Controversial

At least in foreign eyes, one of the most controversial episodes in the 17-year history of Suharto's *new order* government was the recent wave of "mystery killings" in which an estimated 3,000 to 4,000 victims — *mostly criminals and* undesirables — were killed by hit squads, either of soldiers or police, in a campaign that allegedly had official sanction.

Abroad, the episode generated grisly tales of executions — all of them men in their 20s, most bearing tattoos (often of a snake) all of whom had been shot.

In Jakarta, officials claim that the vigilante-style campaign *grew out of a serious crime* problem that an ill-equipped judicial system was unable to combat legally. Certainly there has been *a sharp drop in the* crime rate, while the internal political damage to the régime has been minimal.

On the other hand, there is firm realisation in ministerial ranks that, in future, the country's problems will be larger and more cumbersome, and that the *key* challenge will be to take the hard decisions that foster fairness.

One minister elaborated thus: "The problems used to be easy. If a road was bad, we built a better one. First, there was political development without an economic base. Now, there is much greater commitment to industrial and economic progress. But many of the old problems remain. There is still high population growth, still high infant mortality, still enormous challenges. The main challenge now is equity — discrepancies between rich and poor, Javanese and non-Javanese, urban and rural.

"Yet society is now smarter, education more widespread, aspirations growing. Sixty-five per cent of the population is below 25. If we don't take hard decision now, our problems will be much greater. The key question is how to maintain unity. Above all, we must safeguard our ideological base. We must deliberate and persuade."

**Michael Thompson-Noel**

Chris Sherwell profiles the President

# Suharto: master in his own house

PRESIDENT SUHARTO has come a long way since he joined an Indonesian volunteer force formed under the Japanese occupation in 1943. He was 22, and from an unsettled peasant background in central Java, but it was the most important move of his life, because it was to place him in the country's *most influential and enduring* political institution — the army.

His early military experience was to prove an asset when a republican army was formed in 1945 to press for independence from the Dutch. As a garrison commander in Jogjakarta, the republican capital, he played a key military role in this struggle and soon earned a reputation for being cautious and reserved.

Under Sukarno, the military's role in government and the economy increased. Suharto became a regional commander based in Java and reputedly argued for firmness in dealing with opposition to Sukarno from left and right. By 1962 he was a major-general with orders to capture west Irian, still not relinquished by the Dutch and now the easternmost region of Indonesia.

But even as the military's influence grew, so did the *Communists'*, especially with Sukarno's "crush Malaysia" campaign after 1963, and the two jostled for position in anticipation of a post-Sukarno power struggle. Then came the attempted coup in October 1965, which marked a crucial political turning point for Suharto and thrust him into a decisive position.

Even today the origins of the coup attempt are debated, and there are theories putting communists, Sukarno or others behind it. Its immediate result was the most terrible massacre of the decade as communists and suspected communists—perhaps some 500,000 people—were wiped out. It also produced an all-consuming battle of wits between Sukarno and Suharto, which was only settled by 1967, when Suharto took over the presidency.

The early process of consolidation has since given way to a more regal exercise of power. The Javanese, it is said, feel uneasy over such western concepts as the separation of powers or government and opposition. Suharto is a Javanese, and his instincts — the theory goes — are to envelop and neutralise independent sources of power.

### Challenge

Certainly no group is allowed to get strong enough to mount a challenge. Persistent critics can suffer all manner of restrictions without being jailed, and untried prisoners at one point numbered tens of thousands. Suharto's 17 years in office have seen an accumulation of power to the point where he is unchallenged and apparently unchallengeable.

Suharto watchers say that the past 18 months of economic austerity must have been a bitter pill after the sweetness of the 1979 world oil price hike, but point out the difference between his handling of this and the mess over Pertamina in 1975, when the over-borrowed national oil company was crushed by the western recession that followed the first oil price rise in 1973.

Now 62, and with plenty of energy, he is reckoned to leave much of the day-to-day running of the Government in the hands of his ministries, who have to decide when and how to bring awkward decisions before him. His ministers are not all of a kind. Suharto inspires an atmosphere of creative tension which helps both the Government and himself stay on top.

# Playing a fuller role in international affairs

## Foreign policy

THE INDONESIAN Foreign Minister, Dr Mochtar Kusumaatmadja, has been beating a well-trodden path to and from Jakarta's Halim International Airport over the last 12 months.

This month he made the first official visit to Moscow by an Indonesian Foreign Minister for ten years, and was due to visit Japan. He has also been to other cities ranging from Casablanca to New York and Bangkok to Dacca.

Meanwhile, he has been welcoming a beatitude of foreign ministers and other dignitaries. Though some of this diplomacy was routine, its sheer volume is evidence of Indonesia's greater willingness to play a fuller role in international affairs, one befitting the world's fifth most populous country.

After the heady days of Sukarno, which saw Indonesia withdraw from the UN and take an ever-more belligerent stand in its foreign policy, the country tended to concentrate its efforts on development through the 1970s.

But increasingly it is now casting a wider net for diplomatic and trade relations, making its voice heard among Moslem countries, and most importantly, playing an active and vital part within the Association of South East Asian Nations (ASEAN).

Dr Mochtar has shown himself to be an adept performer in international affairs, and acutely aware of Indonesia's image both at home and abroad. A 55-year-old former professor of law, he comes from a prominent Javanese family (his younger brother is a rising star in the ruling Golkar Party).

Known for his charm and patience in negotiations, he has made energetic efforts to bring more sophistication to his ministry. He has initiated specialised training programmes for diplomats and officials, for as he told newsmen recently: "We cannot send dullards out into the world."

He remains one of the few ministers to hold regular Indonesian news conferences, and because of this he is often vulnerable to questioning on matters outside his jurisdiction or control.

Thus, he was asked for explanations of a series of so-called mysterious killings of about 3,000 people. He was also in the firing line about incidents on the border with Papua New Guinea which apparently involved the military, and was even called upon to explain statements made by the chief of the armed forces, General Murdani, which seemed to run contrary to Indonesian policy.

It appears at times that there is confusion over who actually runs foreign policy — the Foreign Ministry or the military. Certainly one of the major factors in Indonesia's foreign policy, fear and distrust of China, at times reaching paranoia, is generated by the military.

The military has not forgotten what it sees as the major role China played in undermining its power during the latter days of the Sukarno era and the support it is alleged to have given the Indonesia Communist Party in the days leading to the 1965 coup attempt.

### New generation

It remains not only firmly opposed to a resumption of diplomatic relations with China (they have been frozen since 1967), but also deeply suspicious of the Chinese community within Indonesia, in which it feels lurk potential supporters of the Communist Party.

Dr Mochtar has suggested going to Peking, but each time he has been told by President Suharto that the time is not right for such a visit.

The former foreign minister and vice president, Adam Malik, has suggested a resumption of diplomatic ties with China for reasons of trade if for nothing else. But until a new generation comes along in the military, or President Suharto admits that China no longer poses a threat, Indonesia's anti-China attitude will remain one of the main factors in its foreign policy.

This has been shown in Indonesia's recent dealings with Vietnam, which it admires and sympathises with for its struggle against colonialism, and, more importantly, recognises as one of the main bulwarks against Chinese expansionism in South East Asia.

The relationship with Vietnam has enabled Indonesia, as current chairman of the ASEAN standing committee, to play a significant role in trying to bring about a settlement of the Kampuchea issue and attempt some mediation between the hardliners within ASEAN, notably Thailand and Singapore, and Vietnam.

But in spite of efforts by Dr Mochtar, it appears that no progress has been made and one of the fundamental problems facing the region — the presence of an estimated 170,000 Vietnamese troops in Kampuchea — remains.

It is to Indonesia's credit, however, that risking the ire of other ASEAN members, it has begun a dialogue with Vietnam on the issue and the door remains open for progress.

Indonesia has also played a crucial role in mending relations between Australia and ASEAN countries after Australia refused to co-sponsor an ASEAN resolution on the Kampuchea question at the UN. Mainly through a close personal relationship between Dr Mochtar and the Australian Foreign Minister, Mr Bill Hayden, the issue was settled.

East Timor continues to be a difficult problem for Indonesia, but since the issue was dropped from the UN agenda last year, condemnation of Indonesia's move into the former Portuguese colony in 1975 has declined. Thousands of Indonesian troops are still in the province, however, and there are periodic reports of guerrilla attacks.

The most easterly Indonesian province, Irian Jaya, is another problem area and several incidents along the border with Papua New Guinea have caused friction between Jakarta and Port Moresby. Papua New Guinea has particularly objected to military exercises being held in frontier areas by large contingents of Indonesian troops and has alleged that the Irianese, who belong to the same Melanesian ethnic group as the people of Papua New Guinea, have been mistreated.

In terms of the superpowers, Indonesia has increasingly shown that it wants good relations; but it also wants to distance itself from any potential conflict. Relations with the U.S. suffered a setback when President Reagan postponed a trip to Jakarta last year amid the growing crisis in the Philippines.

**Kieran Cooke**

# Army the final arbiter of power

## The military

THE SECOND floor of the sprawling Museum of the Armed Forces in the heart of Jakarta houses a series of miniature models capturing key moments in Indonesia's brief history since independence from the Dutch in 1949.

One of the first displays is a faded picture of a young Lt-Col Suharto on the day he is said to have led an attack on a superior Dutch force holding out in the ancient capital of Yogyakarta. The legent says that Lt-Col (now President) Suharto fought from dawn to midnight in the shadow of one of Java's still active volcanoes in a psychologically decisive battle for independence.

It goes on to say that the battle—known as the "Six Hours at Yogya"—confirmed that "politically Indonesia's position in the international forum was strengthened. Militarily the Indonesian armed forces demonstrated their ability to defeat the enemy in modern warfare."

The museum (built by the late President Sukarno for his Japanese-born wife Dewi) more than any other institution in Indonesia symbolises the predominant role of the armed forces. It is a permanent reminder that Indonesians owe their nation to the army and that the armed forces, for their part, claim an active if not a decisive role in governing it.

The army remains the ultimate arbiter of power in Indonesia today, 34 years after independence. The army has guided the nation in attempting to weld into a unitary state an extraordinary collection of 4,000 far-flung islands which extend —east to west—further than the eastern and western seaboards of the U.S. It has also been engaged in operations outside the nation's borders to reinforce its legitimacy as the nation's protector, most recently when it took possession of the former Portuguese territory of East Timor.

One casualty of this relentless process, inevitably, has been democracy. The late President Sukarno was fond of calling the country's government "Guided Democracy." In truth real opposition is muzzled, political dissidents are jailed and, under recent changes, the role of the army has begun to permeate every level of official life.

This increasingly wide role in the affairs of state is now enshirined in the constitution under the dectrine of *dwifungsi* or dual function. This asserts that the forces have a role to play in both the military and civilian fields.

Nobody knows just how many thousands of officers are now serving in civilian functions but these range from politically sensitive posts such as mayors or provincial governors to pilots on Garuda, the national airline.


General Murdani, Chief of the Armed Forces: an unprecedented range of operational powers

### Logic

"There is a certain logic to this," commented one observer. "For years the army was the only disciplined force in the country. It also fulfils a need in a country where the general level of education remains very low. Garuda needs pilots and the air force needs planes because it has too many pilots."

For most of the past four decades the army—and therefore the country—has been under the tutelage of the so-called '45 Generation, the soldiers who led the struggle for independence against the Dutch.

In the past 18 months this has begun to change as President Suharto—now 63—appears to be preparing the country for his eventual handover to a successor who will almost certainly also come from the ranks of the armed forces.

He has called this sensitive and, as it turns out, sweeping operation "*Regenerasi.*" Hundreds of officers, long overdue for retirement and perhaps clinging too long to old glories, have been shunted aside to make room for men from the two other generations in the army—the "Bridging Generation" and the "Younger Generation."

The man he has chosen to execute this preparation for an uncertain future, when Indonesia will need all its considerable resources mobilised, is General L. B. "Benny" Murdani who in March 1983 became Chief of the Armed Forces and probably the second most powerful man in Indonesia, with an unprecedented range of operational powers.

The choice of Murdani, a Catholic in a predominantly Moslem country, where the armed forces tend to be inward - looking to the point of chauvinism exemplifies President Suharto's commitment to change as well as his faith in Murdani's loyalty. In the process he has stepped on a few toes. Murdan, described by one experienced military observer as "tough, intelligent, ambitious and forthright," leap-frogged at least 20 more senior men to get the plum job.

Murdani has been staunchly loyal to President Suharto—a quality vital for survival in the intensely hierarchical society of Indonesian politics. The unquestioned high-flyer of his generation Murdani earned his spurs against Indonesian rebel units in 1957-58 and in 1963 when, with President Suharto, he led a paratroop assault on Dutch-held New Guinea.

He was later to be exposed to a series of postings abroad—including Kuala Lumpur in the wake of the military confrontation with Malaysia, South Korea and roving commissions, including some highly sensitive contacts with Vietnamese leaders over the Kampuchean crisis.

His subsequent 10 years (1974-84) as head of Indonesia's Military Intelligence network firmly established him as one of the country's few officers with an international perception of Indonesia's interests.

Murdani's appointment has also coincided with the appointment of Suharto loyalists to Indonesia's 16 military commands as well as to key units under the direct control of either the President or the armed forces chief, such as Kostrad (the highly mobile Army Strategic Command).

Murdani faces a difficult and complex task at a time when the financial crisis resulting from the fall in Indonesia's oil revenues seriously constrains his ability to sweeten the pill with substantial purchases of sophisticated weapons.

### Reorganisation

In his 13-month tenure he has begun a major reorganisation of the armed forces. This appears to have two major objectives. The first is to reorganise and re-equip the armed forces for conventional warfare. The tradition of the Indonesian army as a guerrilla force forged in a war of independence is no longer relevant for a country with 150m people and huge natural resources to protect.

Murdani's second task is to achieve a radical improvement in the efficiency and standards of training of the forces. "There are too many paper-shufflers and not enough fighting men," said one observer. The Air Force, for example, has 27,000 personnel and only 60 combat aircraft.

The key areas for re-equipment in Murdani's shopping list are believed to be:—

- Air Defence. Britain's Rapier and Blow-pipe missiles are in with a chance. The item at the top of the list, however, is the U.S. F-16.
- Surveillance. Murdani would apparently like to increase Indonesia's limited ground radar system and, if he can afford it, purchase Watchdog aircraft to patrol the archipelago.
- Control and Communications. Most of Europe's and America's manufacturers in this field are competing fiercely for what could eventually prove a lucrative market.

Murdani, no doubt under the close eye of President Suharto, has a difficult task ahead. The consolidation of what has been achieved so far in stabilising such a vast and at times fissiparous country is vital for Indonesia's future stability.

**Alain Cass**

Profile: Professor Dr Ali Wardhana, Co-ordinating Minister for the Economy

# Top man in the 'Berkeley Mafia'

Ali Wardhana: foreign bankers are impressed

*"A NEAT desk is a sign of* a sick mind," says a framed sign carefully propped up on a chair in Professor Dr Ali Wardhana's expansive office in the Ministry of Finance. Piled skyscraper high on his huge workbench—two desks rather than one—are the official documents he needs to run one of Asia's most complex economies.

"I like to have them near me to refer to," he says simply. Also on display, clogging all other available table space, is a mass of golfing trophies, confirmation that the 55-year-old Ali Wardhana plays as hard as he works.

His official title is Co-ordinating Minister for the Economy, Finance and Industry and Economic Development. So enthusiastic a golfer is he that he was seen on the greens last May on the very day he announced the shock decision to "rephase" a range of Indonesia's biggest *industrial projects.*

That move, and the decision to devalue the rupiah a few weeks earlier, probably sealed Ali Wardhana's reputation, for it came soon after he had taken over the powerful co-ordinating rôle from his friend and mentor, Professor Dr Widjojo Nitisastro, a fellow Berkeley alumnus.

## Pressure

Few believed the Government could take such difficult decisions but more have been taken since and all have further consolidated the position of the so-called "Berkeley Mafia" even as they irritated others.

Dr Widjojo, 56, remains the "godfather" and retains an office at the ministry, a brooding, inspirational background presence. Other members include Prof Dr B. J. Sumarlin, 51, State Minister for National Development Planning, and *Prof Dr Emil Salim,* 53, State Minister for Population Affairs and the Environment.

All undertook postgraduate work in economics at the University of California in Berkeley in the early 1960s, and—as Emil Salim says—all discussed what they would do when they "replaced the professors back in Jakarta."

One of the things they did was teach senior military officers in Bandung, which means they were on hand when President Suharto ousted Sukarno in the mid-1960s.

They haven't looked back. Ali Wardhana, like Dr Widjojo, has advised Suharto since that time, becoming *Minister of Finance in 1968* and holding that post until stepping into Widjojo's shoes last year. As top man he has impressed foreign bankers mightily.

Only the success of their measures in controlling the public finance can bother the Berkeley men now, for they could come under pressure to ease up. Ali Wardhana admits that the results are "encouraging," but adds: "It is now a question of preserving what we have achieved. We can't afford to jeopardise that."

**Chris Sherwell**

# Impressive lesson in how to expand

## Economy

INDONESIA IS reckoned to have notched up real economic growth in 1983 of at least 4 per cent, far higher than anyone anticipated and a big improvement on the recession-hit rate of 2.2 per cent in 1982. Taken with the spectacular improvement in the balance of payments over the past year, the performance is a lesson to developing countries in how to manage an economic stabilisation programme and achieve growth.

The official growth figure for calendar 1983 won't be published for some time, and estimates depend not only on often disputed component figures but also on whether they are measured at constant 1973 prices or constant 1981 prices. By the latter, the 1983 jump is even higher, from zero to 4½ per cent.

Even before this growth rate became known, western bankers were called on to give a verdict on Indonesia's economic management when the Government sought a $500m syndicated loan earlier this year. In a resounding response they stumped up $750m. Western governments are expected to give a similar verdict when they meet in June at The Hague to fix their aid to Indonesia.

Dr Ali Wardhana, Co-ordinating Minister for the Economy, is typically cautious about what has been achieved. "1983 was a most difficult year for the economy. We took a number of measures, and the results are encouraging. But we are not out of the woods. 1984 will still be a difficult year."

The bright picture nevertheless stands in sharp contrast to the position 18 months ago. Net oil and gas earnings peaked as the industrial world's recession deepened, with implications for domestic development spending and the balance of payments. Even now, oil and gas comprise more than 70 per cent of total visible export revenues, and two-thirds of domestic revenues.

## Austerity

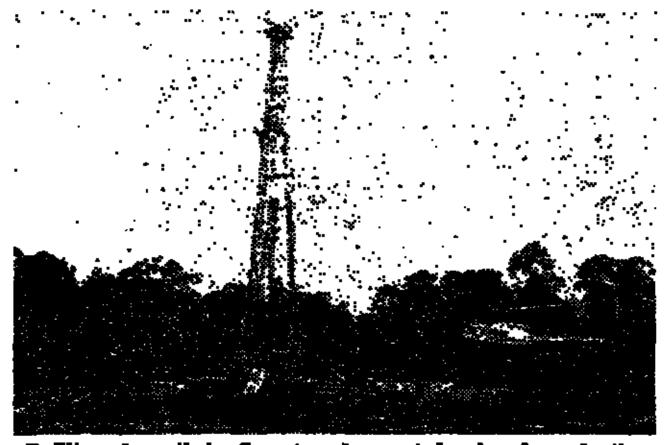
Both the current account and the overall balance of payments had already moved into deficit in fiscal year 1981-82 (ending March 1982) and the prospect for 1982-83 looked even worse, as figures subsequently confirmed. The current account deficit surged above $7bn and the overall balance of payments deficit was $3.28bn. Without any government action the current account deficit would probably have hit $11bn in 1983-84.

An austerity programme was begun but the January 1983 budget, which cut food and fuel subsidies and again froze civil service salaries, was based on an oil price of $34 a barrel. In March, Opec agreed on a $5 cut and the Government devalued the rupiah by 27.5 per cent. It has since drifted lower, to drop through the 1,000 to the dollar mark. The rate was previously 703.

Though this promised to boost non-oil exports and limit imports, it was not enough. Following a few weeks of number crunching, the Government announced a "re-phasing" of 48 major capital-intensive projects worth some $21bn to save foreign exchange. The projects included three hydro carbon developments—a refinery, an olefins plant and aromatics complex—together with an alumina plant and large power and infrastructure projects.

Meanwhile the word had gone out that, in the new uncertainties of the 1980s, the country had to reduce its dependence on oil and gas. More revenues would have to be generated from other sources and channelled into productive investment which reflected a more limited role for the Government.

Three sets of reforms have since emerged in quick succession, in credit, taxation and deregulation. All are now in the process of implementation, and will take time to work well, for they amount to a radical change in the way the economy and even the Government is run.



Drilling for oil in Sumatra: buoyant levels of production have helped put Indonesia in a good position at the start of its current five year plan

**PROJECTED GOVERNMENT SPENDING**
(in Rp bn)

| | 1984-85 | 1986-87 | 1988-89 |
|---|---|---|---|
| 1 Domestic revenues | 16,149 | 23,681 | 33,542 |
| 2 Current spending | 10,101 | 13,924 | 20,494 |
| 3 *Development spending (1−2)* | *6,048* | *9,757* | *13,048* |
| 4 Foreign funds | 4,411 | 5,715 | 7,475 |
| 5 Total development spending (3+4) | 10,459 | 15,472 | 20,523 |
| 6 Total spending (2+5) | 20,560 | 29,396 | 41,017 |

On the credit front, the central bank moved to end the "liquidity credit" system of funding the big state banks, lifted ceilings on the amount they could lend and on their deposit rate, and told them to compete for funds in the market. Interest rates shot up, and capital which fled the country *before the devaluation* returned.

In February the bank completed its credit reform package with the creation of discount window facilities and the start of open market operations. But the Government faces a dilemma because of its impressively firm commitment to maintain the free convertibility of the rupiah. It has to choose between maintaining high real interest rates, to prevent any drain on carefully husbanded reserves through funds moving offshore, and easing the burden on domestic borrowers who must shoulder some of the investment load it can no longer carry.

Under Indonesia's new tax law, which came into effect in January, all types of income are now taxed on the same basis, at three different rates—15 per cent for incomes up to Rp 10m, 25 per cent for incomes *between Rp 10m and Rp 50m,* and 35 per cent for incomes above Rp 50m. In July a new value added tax of 10 per cent will be applied, together with an excise tax on luxury goods.

Indonesia has wide scope to boost government revenues in this way. Non-oil taxes amount to some 8 per cent of GDP. Only Nigeria is lower among oil exporters, while India is higher among developing countries and, in developed countries, government revenues amount to 35 per cent of GDP.

But there are grumblings *from bankers over* inconsistencies and ambiguities in the withholding tax arrangements, and doubts about self assessment after the old ways of "negotiating" one's liabilities with assessors. The value added tax will also add to Indonesia's 12 per cent inflation.

The Government says it is committed to removing time consuming and costly licence or certification procedures which add to inefficiency. Announcements of changes are now being made regularly, but the reformist attitude will take time to penetrate the local provincial level. Like the tax reform, the changes may require some examples to be made, and some hard political work at the grass roots. Results can't be expected *quickly.*

Results from the short-term economic measures, however, have probably come quicker than even the policy makers themselves had hoped, most importantly on the external front. The rephasing operation saved billions of dollars in foreign exchange, and weak investment demand helped. The *devaluation also worked its* wonders, and imports are reckoned to have dropped 12 per cent.

Exports also showed a dramatic improvement. Non-oil exports are estimated to have reached $5.1bn to $5.2bn in fiscal year 1983-84, higher than projected last November and well up on the previous year's figure of $3.9bn. Partly this is due to firmer world commodity prices, though volumes also rose. The value of palm oil exports doubled, while plywood and handicraft exports were up 50 *per cent and textiles* 40 per cent.

The other major contributor was oil. Indonesia's daily output in 1983 averaged 1.42m barrels a day, in line with its *OPEC quota of 1.3m b/d if* allowance is made for condensate production put at up to 110,000 b/d. But production in the most recent months is widely reckoned to have touched the *1.6m b/d* mark, and such buoyant levels will have been a major contributor to export earnings.

## Reversal

Gas revenues, second only to oil, are expected to make an even stronger contribution in 1984, when four new production "trains" are on stream at the country's two LNG plants. This will enhance Indonesia's standing as the world's largest LNG producer and exporter. For this year, the overall effect has been to reduce the current account deficit to between $4bn and $4.5bn, lower than the $5bn level projected last November.

Compared to the $11bn that might have occurred without government action, this is a remarkable reversal, even if a $4bn figure remains unacceptably high. Latest estimates of the overall balance of payments surplus for 1983-84 put it at $2bn, compared to a forecast $40m deficit a year ago.

Reserves, including those held by the commercial banks, are now put at $8.2bn, net of a $440m IMF drawing by the central bank. This too is a far *happier picture compared to* March 1983, when the figure was around $6.3bn. As a result, Indonesia's debt position is highly encouraging, whichever way it is counted.

*Total disbursed public* sector medium and long term debt, including LNG expansion being financed by payments in kind, is reckoned to be $22bn to $23bn. The authorities are trying to *establish reliable* figures for private sector debt to be clear about full claims on its reserves. One independent estimate of private sector medium and long term debt, including the unguaranteed debt of Pertamina, the state oil corporation, and Garuda, the national airline, is $3½bn.

Only 20 per cent of this is said to be floating rate debt, compared with Mexico's 75 per cent, Nigeria's 74 per cent, and Brazil's 70 per cent. Fully 55 per cent of the debt is official—low interest and long maturity—which means in turn that the debt maturity structure is favourable.

The figure for the debt service ratio is affected by the size of private sector debt and by export earnings, which have changed through the year. Expressed as a ratio of debt service payment on public and private sector to total export *earnings,* the figure is reckoned to be 19 per cent. As a ratio of service payments on public sector debt to export earnings net of oil imports, it is 21 to 23 per cent.

## Erratic

As for the 1983 growth rate, it is clear that non oil exports, *the unexpectedly buoyant oil* position, and a good performance from agriculture are mainly responsible. Agriculture employs 55 per cent of the country's workforce, and rice production in 1983 was a record at 23.8m tonnes. Corn, often erratic, also showed a big increase from a low base hit by last year's drought.

This puts Indonesia well *on* course to start its current five year plan, which projects growth at an average 5 per cent between 1984 and 1989. Figures released at the time of the *January 1984 budget*—another austerity package—suggest that oil and gas revenues will decline from 64 per cent of total domestic revenues in 1984-85 to 55 per cent in 1988-89. They also show oil and gas earnings falling from 71 per cent of total export earnings to 65 per cent.

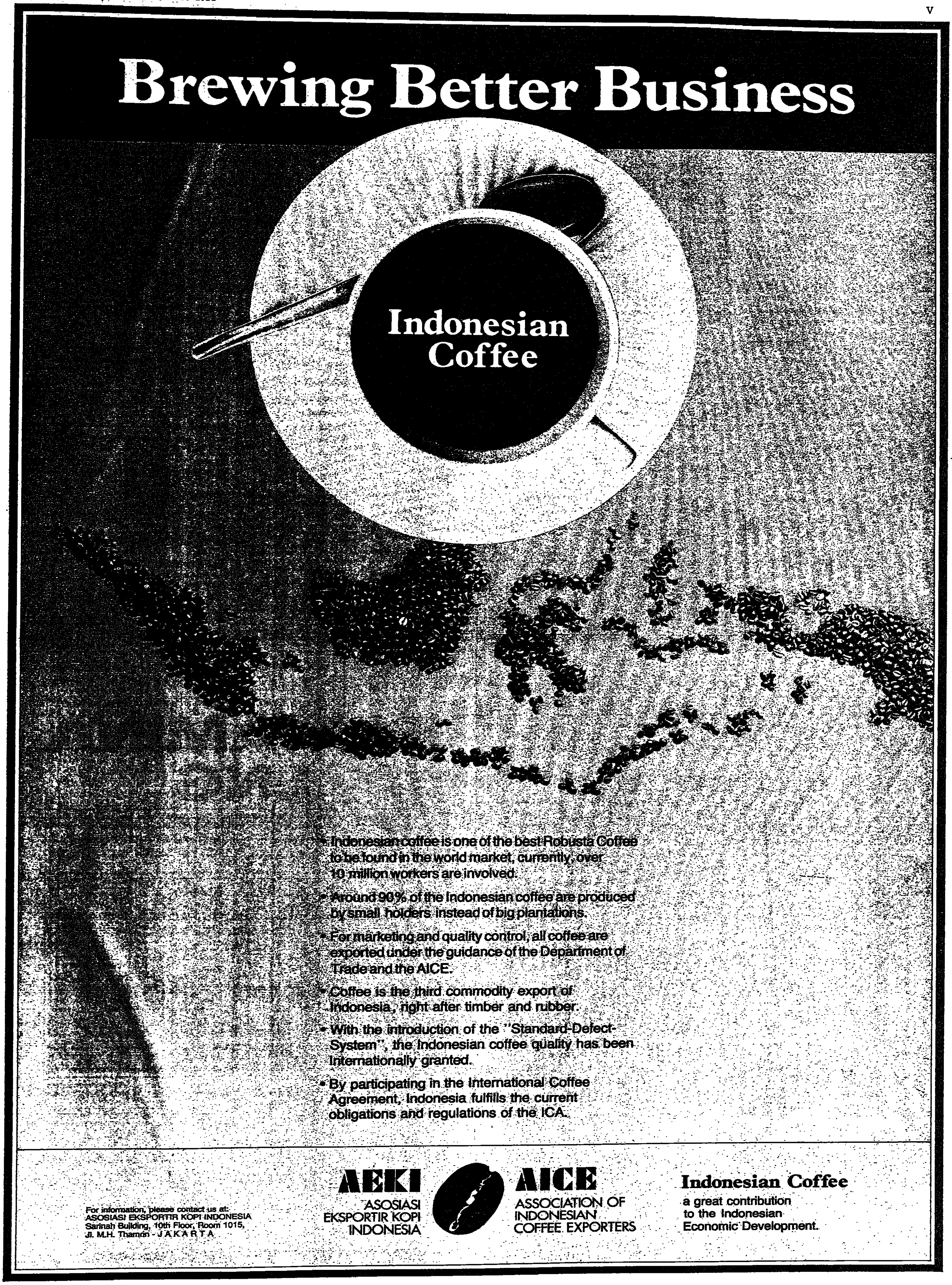
These goals, and the remarkable record already established could be jeopardised if a premature attempt is made to re-start the major "re-phased" projects. Some of the smaller ones which can attract sufficient concessionay aid are being revived at present, but the pressure for more might grow in the euphoria over what has been achieved. For the moment, Ali Wardhana and his technocrat colleagues are holding the *line with President Suharto's* backing.

Also in the background as potential threats are another drop in world oil prices or an early end to the present western recovery—or, worse, both. That happened last year, and Indonesia's economic managers—and people—have passed that challenging test.

**C.S.**

**BALANCE OF PAYMENTS**
(Govt. projections in $m)

| | 1984-85 | 1986-87 | 1988-89 |
|---|---|---|---|
| Exports | 19,525 | 24,506 | 29,389 |
| Imports | 17,204 | 20,844 | 24,799 |
| Net services | −7,257 | −8,490 | −9,314 |
| Current acc. | −4,936 | −4,828 | −4,724 |
| Net capital flows | 4,743 | 4,628 | 4,458 |
| Overall b/p | +193 | +200 | +266 |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• Around 90% of the Indonesian coffee are produced by small holders instead of big plantations.
• For marketing and quality control, all coffee are exported under the guidance of the Department of Trade and the AICE.
• Coffee is the third commodity export of Indonesia, right after timber and rubber.
• With the introduction of the "Standard-Defect-System", the Indonesian coffee quality has been internationally granted.
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# Quiet revolution in monetary policy

## Banking

FOR EIGHT months until February, Bank Indonesia, the country's central bank, lacked some vital tools to control credit in the Indonesian economy. To an outsider that might seem odd. But before last June, it was operating a system so far removed from modern banking that something of a revolution has been witnessed since.

The central bank's announcement on February 1 creating new discount window facilities and a new form of central bank paper put the last pieces in place of a system most western bankers would feel at home with and virtually concluded the structural changes begun last year.

Previously, Bank Indonesia used variations in minimum reserve requirements, credit ceilings and direct regulation of deposit interest rates to restrain the state banks which dominate Indonesia's banking system and to control the money supply. The central bank extended subsidised low interest "liquidity credits" to the state banks, and these were an important source of funds along with deposits from public sector bodies.

Then came the Government's realisation that the fall in world oil prices meant revenues would not go on growing, and its commitment to mobilise domestic resources. Bank Indonesia began by restricting access to liquidity credits and liberalising deposit rates, but its real reform move in June went much further.

The bank abolished ceilings on credit expansion, allowing banks to lend according to availability of funds and their own portfolio decisions. It also removed limits on interest rates offered by the state banks for time deposits, and exempted from tax all interest on time deposits denominated in foreign currencies.

The impact was stunning. With the new competition for funds by state banks, three, six—and 12-month deposits showed an explosive growth, attracted by rates of 15-18 per cent. Previously even 24-month earned only 13½ per cent.

Figures for total time deposits with the state banks show a rise from Rp911.8bn in May 1983 to Rp2,173bn in January 1984. Twelve-month money shows an astonishing rise from Rp41bn in May to almost Rp900bn in January.

The early rapid growth has now slackened, but the move plainly had the desired effect of attracting back a substantial part of the capital which fled Indonesia earlier in the year, taking advantage of the rupiah's free convertibility. Offshore dollar accounts were also brought home as domestic dollar accounts because of the new tax exemptions.

Although this pointed to an encouraging mobilisation of resources, it was clear that such relatively short-term money could not easily be used by the banks for longer-term lending. Indeed, as the months went by, it became increasingly apparent that something would have to be done about the build-up of funds.

### Encouraging

The problem, of course, was that interest rates were too high for prospective commercial borrowers, and the tail end of the recession meant a shortage of lending opportunities anyway. The worrying alternative, from the central bank's point of view, was that the banks might place the funds abroad.

As a temporary measure Bank Indonesia offered the banks a higher rate of interest on funds deposited with it which were in excess of reserve requirements. But it was obvious that a more sophisticated form of management was due and on February 1, it was unveiled.

The bank announced that it would start selling certificates of indebtedness, known locally as SBIS, to provide an outlet for the short-term funds. These are bearer notes of one- and three-month maturity in denominations of Rp 50m, Rp 250m and Rp 1bn, and they are sold only to financial institutions.

The paper can be freely traded among the banks and public and cannot be resold to the central bank before maturity. This is to encourage the development of a secondary market and provide the central bank with an instrument for conducting open market operations.

At the same time, the bank also announced the creation of two types of discount window facilities to help banks manage their funds. In one, banks have access to funds for two weeks at a specified discount rate, with higher rates for renewals up to a four-week maximum. In the other, banks have access to two-month funds, renewable to four at higher rates, to help them cope with a mismatch between short-term deposits and its medium and longer-term credits.

These decisions marked a further evolutionary step in the country's economic management as well as completing the introduction of the tools for a more refined monetary policy. Now the banks have to adjust to it and it is apparent that this will take some time.

For example, it is already clear that liquidity credits entered into for longer-term loans before the reforms will have to be rolled over, although originally it was said they would stop altogether. One foreign banker believes the state banks haven't been able to raise enough in the market to repay the credits to the central bank, "showing how big they must have been."

Secondly, the discount window facilities have been described as a "last resort" by the bank, making them something the banks would only be ready to turn to in desperation. Some bankers say they are now getting signals that the central bank wanted a less rigid interpretation—in other words, a facility that is used, but not regularly. Plainly bankers need clarification.

A more important problem concerns the SBIS. Earlier this month, the central bank lowered its discount rate, and within a few days money market rates had eased. The bank's action, everyone agreed, was "indicative," designed to have a psychological effect on the market, and a response duly came.

In time, the same effect will also be achieved through open market operations using SBIS, once enough are in the market and being traded.

C.S.

# Fall in oil prices takes its toll

## Oil and Gas

IT HAS been an unusually eventful year for the oil and gas industry following the fall in world oil prices, while three major refinery expansions were inaugurated to give Indonesia greater self-sufficiency in oil products. The natural gas industry, which already makes Indonesia the world's largest LNG exporter, moved towards an even brighter era.

There was also growing debate, though not in public, over the sensitive matter of Indonesia's true oil production rate, as well as important renegotiation of the oil exploitation contract held by Caltex of the U.S., the first case of a production sharing contract replacing an old-style contract of work for areas where production is already going ahead.

Caltex produces almost half of Indonesia's output and its tough and complicated negotiations were watched closely by the industry. Even though no similar renegotiation is due for some years, the company eventually signed an 18-year agreement with Pertamina, the state oil company, last December, about a month after the deadline had passed.

The relevant production split was 88:12 after costs in favour of Pertamina, higher than the conventional 85:15, and Caltex agreed to invest $3.06bn over the life of the contract. The change appears to leave Caltex a shade worse off than before but the final compromise was reckoned to contain nothing unusual.

The question of oil production is sensitive because Indonesia, as a member of the Organisation of Petroleum Exporting Countries, is expected to adhere to an allotted output quota of 1.3m barrels a day (b/d). Average daily output in 1983 was 1.42m b/d but this included 100,000 to 110,000 b/d of condensate, which is not normally counted as part of the quota.

The real difficulty arises because ambiguity about the period over which production should be averaged. In the early part of 1983 Indonesia's output was closer to the 1.2m b/d mark. By the end of the year, and in the early part of 1984, it was around 1.6m b/d. On a quarter-to-quarter basis, therefore, it would seem that Indonesia is now producing in excess of its quota. Certainly its recent high output contributed to the country's better-than-expected economic growth in 1983.

Either way, output is below the sort of 1.7m b/d peaks reached in the past, and the West's recession and the fall in oil prices have taken their toll on Indonesia's oil industry. The three dowstream hydrocarbon projects affected by last year's "rephasing" operation were a $1.35bn expansion and modernisation of the Musi refinery in south Sumatra, construction of a $1.8bn aromatics complex at nearby Plaju and the building of a $1.6bn olefins petrochemical complex near the Arun LNG plant at Aceh in north Sumatra.

The decision came as a big shock for the various Japanese, U.S. and West German contractors involved. The olefins complex was at the earliest stage of planning and was put off altogether. Some engineering and design work was allowed to go ahead on the aromatics project and renovations were made at the old Musi refinery but these too are basically deferred.

### Three projects

The three refinery expansion projects—at Cilacap on the south coast of central Java, Balikpapan in East Kalimantan and Dumai in Riau, Sumatra—were each inaugurated by President Suharto between August and February and together mark a vital step down the road to self-sufficiency in oil products.

The existing small, old and inefficient refineries mostly operated below capacity and could not yield the product mix needed by the country. They produced large volumes of residuals (like low sulphur waxy residue), whereas demand was for middle distillates (like kerosene). This created a dependence on crude processing deals and oil product imports involving Singapore.

The multi-billion dollar investment in the three refinery projects was aimed at doubling capacity to more than 800,000 b/d and meeting Indonesia's requirements. Hydrocrackers at Dumai and Balikpapan and a Visbreaker at Cilacap would improve yields of oil product. Crude processing deals with Singapore, already reduced to quarterly from yearly in 1982, would phase out altogether.

But the progress has not been smooth. Only the $1.1bn expansion at Cilacap was ahead of schedule. But it faced technical start-up problems, found it could not receive crude supplies from large tankers because of an offshore coral reef and in the process ran out of storage space for product and had to be shut down for a while.

The Cilacap expansion, built by Fluor, increased capacity from 100,000 b/d to 200,000 b/d, and it now takes two local crudes as well as the Saudi Arabian light which the original installation used. The reef obstacle is meanwhile being blasted away.

Bechtel's Balikpapan expansion similarly increased capacity by 200,000 b/d from 75,000 b/d but has also faced difficulty with manpower and technical problems and came in over-budget. When the refinery was inaugurated in November the hydrocracker was not finished and there were storage problems similar to Cilacap's.

The bill for the 100,000 b/d expansion at Dumai is reckoned to be hundreds of millions of dollars more than necessary. At the time of its innaguration in February it was still not clear when production would start. The project was the first of its type for the contractor, Technicas Reunidas Centurion of Spain.

The uncertainty over progress in these expansions has inevitably kept Singapore's oil traders and refiners in a state of tension as each quarter's arrangements come up for renewal. The inexorable decline from past peaks of 200,000 b/d in the amounts of Indonesian crude processed in Singapore has been slower than expected. On top of this there is the worry that Indonesia will become a net exporter of middle distillates and perhaps even a net importer of low sulphur waxy residue, reversing the old position.

In the gas sector Indonesia suffered a setback in March last year when an explosion rocked the LNG plant at Bontang in East Kalimantan. A mistakenly closed valve caused gas pressure to build up in the cryogenic exchanger of the plant's second "train." The blast, which killed three people, threatened Indonesian delivery contracts and the loss of valuable foreign exchange at a difficult time.

After the explosion an exchanger slated for the Arun plant in north Sumatra was diverted to Bontang. Meanwhile the plant's third train, then under construction, was completed some three months early and the fourth and last was ready by October. As a result, only mid-year deliveries were affected and the damaged train was repaired by the end of the year.

The addition of these two trains last year doubled the Bontang plant's capacity from its existing 3.2m tonnes a year. Capacity has also been increased at Arun through the addition of two trains, making five in all. While these are smaller than the Bontang plant's they will lift Arun's output to some 7.5m tonnes a year.

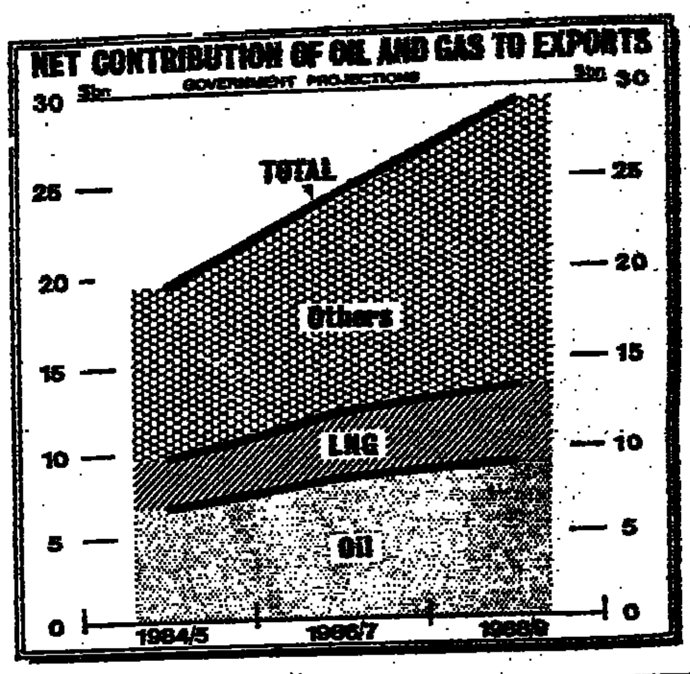
### Extra capacity

The extra capacity will substantially raise Indonesia's gas export earnings in 1984. Until last year 7.5m tonnes of output from Bontang and Arun were marketed to a consortium of Japanese utilities under a contract signed in 1973, along with another 2.1m tonnes resulting from the plants' unexpected ability to produce above rated capacity.

Now, on top of this, LNG produced by the additional trains at both plants will from this year be sold to a separate group of Japanese utilities under a contract signed in 1981. Unlike the 1973 contract, under which gas is sold cif, output will be sold for a somewhat higher price.

In 1986 a sixth train is due to come on-stream at Arun to supply South Korea with 2m tons of LNG a year under a 20-year contract which ends Japan's monopoly as a buyer. By the end of the current five-year plan Indonesia expects to be exporting 16.6m tonnes of LNG, reinforcing its position as a major foreign exchange earner. In 1984 alone, export earnings are expected to rise to $3.5bn from $2.5bn last year.

Chris Sherwell




CONTRIBUTION OF OIL AND GAS TO DOMESTIC REVENUE
(Government projections in Rp bn)

| | 1984/85 | 1986/87 | 1988/89 |
|---|---|---|---|
| Oil | 8,895 | 12,587 | 15,737 |
| Gas | 1,471 | 2,038 | 2,767 |
| Total | 16,149 | 23,681 | 32,542 |

# Pressure is on to capitalise on vast resources

## Industry

CENTRAL to Indonesia's aspirations as a rising regional power is the development of a strong industrial base built upon a rich endowment of natural resources and a large—and growing—labour force.

In a relatively short period Indonesia's industrial policy has taken on the burden of an increasingly complex web of social and economic objectives—from regional dispersion to promotion of industries which support or complement the agricultural sector; from utilisation of domestic raw materials to the stimulation of indigenous entrepreneurship.

Much progress has been made but the challenges are considerable if Indonesia is to expand its industrial base—in parts fragile, in others ramshackle—into the powerful "engine of growth" beloved by the technocrats and planners. In particular, much of the pressure will fall on the private sector.

Repelita IV, Indonesia's new five-year plan, refers to eight elements of industrial development.

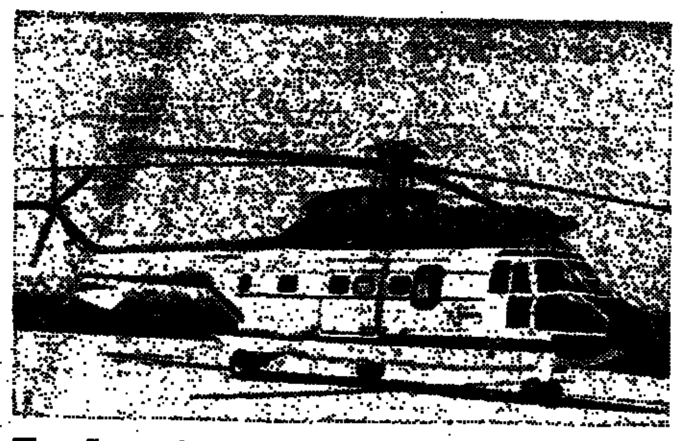
- Deepening of the industrial structure and increased links with other economic sectors.
- Development of engineering industries, including machinery and electronics.
- Development of small-scale industries.
- Development of industrial exports.
- Development of software capabilities in research, development, design and engineering.
- Increased use of home-made products.
- Manpower development.
- Fostering an appropriate industrial climate.

Indonesia's manufacturing sector still relies heavily on the processing of agricultural products but cement, fertiliser and textiles output is booming and rapid progress has been made in other areas, including metal products, machinery, vehicles and electronic appliances.

### Joint venture

In recent developments:

- At Cilegon, west of Jakarta, work has started on an $825m cold-rolling steel mill, which by April 1987 is designed to complete development of the Krakatau integrated steel industry (South-East Asia's first), and pave the way for development of downstream machinery and machine tool industries.
- Construction has started in Jakarta on a $156m plant that will manufacture motorcycle and car engines. The scheme is a joint venture between Suzuki Motor Company of Japan and Musyawarah Cinta Suara of Indonesia. The Government has set 1987 as the deadline for attaining self-sufficiency in the manufacture of cars and motorcycles using domestically-produced engines and components.
- In mid-January, President Suharto inaugurated the first-ever Asean joint industrial project, a $400m fertiliser plant in Aceh, Sumatra's northern-most province, which has the capacity to produce 1,725 tons of urea daily, and 1,000 tons of ammonia.
- Mr Ali Wardhana, the Co-ordinating Minister for the Economy, points firmly to the dilemma confronting Indonesia's planners when he says: "The development of our natural resource base beyond the primary exporting stage in many instances requires large-scale capital-intensive investment, yet the size and growth rate of the population necessitates investment that can absorb large numbers of new labour force participants each year."



The Super Puma twin-turbine helicopter, manufactured under licence with France's Aerospatiale, is the pride of Indonesia's budding aircraft industry

The country's second five-year plan (1974-79) sought to promote labour-intensive industries, specifically those that processed raw materials. Notable were plywood and investment in fertilisers and cement.

Subsequently, the Government drew up an ambitious public investment programme with which to underwrite a much bolder industrial strategy.

The programme included major investment in petroleum refining and petrochemicals, production of LNG, coal and aluminium, plus substantial infrastructural investments, notably in transport and electric power, as well as agricultural development projects, and social infrastructures.

While this was going on, development of more labour-intensive, lighter manufacturing was largely left in private hands. However, the impact of three years' world recession on Indonesia's non-oil exports, and finally on its oil exports, had produced, by early 1983, major capital and foreign exchange constraints.

As a result, last April, the Government undertook a sweeping reassessment of its public investment programme, and postponed or rescheduled a number of major industrial and other projects that had a high foreign exchange content. According to one estimate, the foreign exchange content of the projects' total cost, before rephasing, was $13.6bn—after it, $4.4bn.

Manufacturing-sector growth dropped from 17 per cent annually over the period 1979-81 to only 1.2 per cent in 1982, due to lower production in some important industries, including textiles, plywood, paper, petroleum products, tyres, iron and steel, electronics, and motor vehicles. Most severely hit was the iron and steel industry, where output fell by 22 per cent.

According to government statistics, the manufacturing sector made a 16.9 per cent contribution to GDP growth in 1980-1982, compared with 10.2 per cent for construction, 20.8 per cent for agriculture, and as much as 48.1 per cent for trade, banking and services. Mining made a negative contribution in 1980-82 of 7.9 per cent.

The sectoral contribution for manufacturing was thus lower in 1980-82 than in any of the five previous three-year periods, which yielded a high—in terms of manufacturing's sectoral contribution to GDP growth — of 28.5 per cent in 1978-80 (the period of the second oil boom).

In other words, manufacturing's role as an engine of growth was scaled back in 1980-82 almost to its position of the early 1970s, indicating—in official eyes—a marked lack of resilience.

In the view of one expert: "The apparent dynamism of the manufacturing sector throughout the 1970s was not based on technological progress, nor did it rely upon increases in labour productivity, while labour absorption remained relatively low."

### Recycling

He says the rapid development of the manufacturing sector in the second half of the 1970s was supported by the direct recycling of oil money in the shape of imports of capital goods, and of an increasing proportion of intermediate industrial raw materials.

Nevertheless, industry's average annual growth rate over the next five years has been set by Repelita IV at 9.5 per cent, though if that is to be achieved, says Mr Hartarto, the Industry Minister, new public and private investment in industrial projects will have to total $16.2bn over the same five-year period.

He says that growth targets for specific industrial sectors incorporate investment projections, in constant 1980 prices, of $6.6bn in machinery and basic metal industries, $4.8bn in chemicals and petrochemicals, $3.9bn in general manufacturing, and $900m in small-scale industries, where the Government hopes to create 800,000 jobs over five years. All told, more than 9m are expected to entered the job market during Repelita IV.

A key hope is that manufactured exports can be boosted under the general umbrella of non-oil exports, whose performance thus far has fallen far short of really aggressive exporters like Korea and Singapore.

Manufactured exports is a diverse group, ranging from textiles to frozen fish, rattan furniture to fertiliser. Growth has been rapid, but from a very small base. In 1973, manufactured exports were worth just $77m. By 1982 $1bn, with a quarter each accounted for by frozen fish (mainly shrimp) and plywood. Yet textile exports rose by 15 per cent in 1982, and electrical appliances by three-fourths, in what was a poor year.

### Foreign investment

The projection is for manufactured exports to reach a value of $5.6bn by 1990, including $1bn worth of plywood. This envisages a tripling of export volume, and assumes a 9 per cent annual price increase until 1990, the former of which, at least, might not be over-optimistic.

"Constant price manufactures rose eight-fold from 1973 to 1982," says Professor David Dapice of Tufts University, "and the $3.38bn in 1981 prices projected for 1990 (including plywood) is a very small amount relative to world trade or the volume of other exporters."

Can Indonesian industry be made more competitive? There was a major change in export procedures in January 1982, and the state banks have made cheap credit available for exports. The foreign investment authorities are now a little easier to deal with. Export processing zones and export estates are planned. And initial steps have been taken to improve marketing, quality control, and transport costs.

Yet there is much to be done, from continuing to hack at red tape to clarifying the role of foreign investment and improving the ports. "Many of these changes are overdue," says Professor Dapice. "However, things are better in several respects, and the direction, if not always the pace, of change is broadly correct. With some additional effort, the rapid percentage gains projected in manufactured exports can be realised."

Over and above this, there is a lively debate as to the pace at which Indonesia can press ahead with high-technology programmes as part of the process which Dr Bacharuddin Jusuf Habibie, Mnister for Research and Technology, calls "nation-building and industrial transformation."

He speaks of eight industries that have emerged as "vehicles for the transformation of the Indonesian people into a nation masterful in technology and proficient in industry."

They are aeronautics and aerospace, shipbuilding, land transportation, electronics and telecommunications, energy, engineering, agricultural mechanisation, and defence—all of which, he says, are engineering further growth in a host of service industries, from health, housing and construction, to agro-industry, pharmaceuticls and component manufacture.

All these possibilities exist. But as Ali Wardhana warns: "It is our mission to translate possibilities into realties. We may receive assistance from outside, but it rests mainly with us to meet the challenge."

**Michael Thompson-Noel**

# An engineer in the cockpit

**IN A country where politics resembles the wajang, the age-old epic shadow play of Java where there are no simple contests between good and evil, Dr Bacharuddin Jusuf Habibie stands as something of a man apart.**

Dr Habibie is the country's Minister for Research and Technology charged with the difficult task of implanting new technology on to a developing economy where most people still live off the land and industry tends to be rudimentary. He represents, as one observer put it, President Suharto's vision of the future Indonesia.

Dr Habibie, an aeronautical engineer with more than 12 years' experience at West Germany's Messerschmitt Boelkow Bloom, is described as "sharp, tough and ambitious." He sees the process of industrial transformation in a developing country like Indonesia as an essential part of what he calls "nation-building."

Criticised by many — even within the Government — for allegedly squandering badly needed funds at a time when the slump in world oil prices has provoked an unprecedented process of belt-tightening, he responds that nationhood is "characterised by a people being able to stand on their own."

With terrier-like tenacity this 47-year-old has persuaded President Suharto to build an indigenous aircraft industry provoking (according to one diplomat) the wry comment by the country's harassed Finance Minister that: "Habibie borrows money from me and then forces me to buy his planes."

Dr Habibie's drive for indigenous Indonesian technology also extends into electronics, telecommunications, shipbuilding, the manufacture of sophisticated energy equipment, weapons systems, cars and rolling stock. He is clearly a powerful man, if not an entirely popular one, in a country where decisions tend to be arrived at by consensus.

## New technology

In addition, he has set up a research centre, for what he sees as the later stages of Indonesia's development, called Puspiptek. Based near the capital, Jakarta, Puspitptek's facilities will include, according to Dr Habibie, construction and testing laboratories in the fields of aerodynamics, process technology, gas dynamics, electronics, chemistry and metallurgy as well as a multi-purpose nuclear research recator.

Dr Habibie is also busy converting an island a few miles off Singapore and two-thirds its size, into what he claims will be a magnet for foreign investors in the country's drive for modernisation.

The development of Batam Island, already designated a free trade zone, has been given a push with President Suharto's personal backing. Nearly 60 companies, some of them foreign, have set up in Batam with another couple of dozen applications pending. Foreign investment, it is claimed, amounts to US$ 65m.

Dr Habibie's "big baby," however, is PT Nurtanio, sited sited within reach of Tangkuban Parahu volcano on the outskirts of Bandung, a city mostly famous for its Javanese puppet theatre and an Afro-Asian Conference.

On both sides of Bandung airport's single runway a vast array of workshops, hangars, research laboratories and offices are being built. They will accommodate five types of helicopters and numerous fixed-winged aircraft for civil and military use.

The Nurtanio plant houses what is the jewel in Dr Habibie's crown—the first aircraft involving Indonesian design, as well as manufacture. This is the CN-235, an expanded version of Spain's Construcciones Aeronauticas SA(Casa), NC-212, a twin-engined turbo-prop commuter aircraft.

Casa and Nurtanio are in a 50:50 partnership. Dr Habibie has also negotiated similar deals with Aerospatiale of France, Messerschmitt, Bell Textron and MBB-Kawasaki—all for the production of various helicopters.

Nurtanio clearly has a captive market in Indonesia whose sheer size makes it imperative that adequate transport facilities exist to encourage development. Local protectionism is another important factor. Local customers, for instance, may not buy foreign aircraft unless Nurtanio can meet their needs.

Dr Jusuf Habibie: a man apart

Another Nurtanio division, based further east, near the ancient city of Yogykarta, is cradling Indonesia's nascent weapons industry.

Dr Habibie has said that this will manufacture SUT torpedoes in association with West Germany's AEG Telefunken and Belgian 2.75 FZ rockets. It is also planned to start up production of Belgian FN rifles and bullets.

Inevitably, two questions arise out of all this drive for high technology. Would it be cheaper to buy abroad?. And is Indonesia trying to go too far too fast.

Dr Habibie's answer is always the same: "Perhaps. But if we want to get ahead, do we really have a choice?"

**Alain Cass**

# Into the era of self-sufficiency

## Agriculture

THE RICE fields of Central Java are set among some of the most spectacular scenery in the world. Lush, emerald-green valley floors irrigated by man-made canals alternate with winding mountain scenery dominated by volcanoes.

Every available inch of arable land is used. Some of the terraces are believed to be 2,000 years old, hugging the contours of wild mountain country reminiscent of Chinese Ming scroll paintings.

Rice production accounts for about half the value of Indonesia's food crop, including plantation crops such as sugar and palm oil. If these two are excluded, rice accounts for over 70 per cent of agricultural production.

Indonesian rice farmers have traditionally been efficient but, in the past decade, they have made impressive gains with the help of foreign aid and expertise. In the past two years the country has virtually reached self-sufficiency, more than keeping up with the increase in population over the same period.

In a country where agriculture employs, in one way or another, 70 per cent of the population and agricultural production around 30 per cent of the Gross Domestic Product (GDP), the significance of this achievement goes beyond mere economics.

"Indonesia's ability in the past year," said one foreign economic expert, "to push through *painful* economic reforms which have included price increases in other sectors is due, in no small measure, to the country's success in keeping up rice production and feeding its vast population."

### Volatile

Unlike other big oil-producers, such as Mexico, which deprived its predominant agriculture sector to push through rapid industrialisation with volatile consequences, a big proportion of Indonesia's oil revenues has been diligently ploughed back into the land.

Indonesia's agricultural sector has also received substantial foreign aid, primarily from the Asian Development Bank, the World Bank and the U.S. The World Bank alone has poured nearly US$2.5bn into the country so far, of which 40 per cent has gone to the agricultural sector.

The *agricultural sector* is not, of course, without its problems, but the fundamental issue of self-sufficiency is no longer one of these.

The real growth rates of less than 3 per cent for the economy as a whole in 1982 and 1983, coming after *the giddy heights* of nearly 10 per cent in 1980 and 8 per cent in 1981, underscored the country's vulnerability to depressed international markets and weak oil prices.

The country's agricultural *sector output also declined in* 1982, largely due to bad weather. Last year proved to be a better year and in 1984 most independent economists agree with the Government's forecast of a 3.5 per cent growth rate. The primary *reason for this*, however, *is* a good monsoon and increased rice output underlining the need to develop other neglected areas of this key sector.

For the Fourth Five-year plan, which began on April 1 1984, the Government *announced three major problem* areas which have to be dealt with:

PRODUCTION OF SELECTED AGRICULTURAL COMMODITIES
*(VALUES AND INDICES OF PRODUCTION)*

| | AVERAGE *1969-71* | 1983* | 1984† |
|---|---|---|---|
| | | 1,000s TONNES | |
| Rice, Paddy | 19,173 | 34,600 | 34,600 |
| Corn | 2,575 | 5,000 | 5,400 |
| Cassava | 10,725 | 13,770 | 14,000 |
| Sweet Potatoes | 2,215 | 2,120 | 2,150 |
| Sugarcane | 9,758 | 19,546 | 19,700 |
| *Tobacco††* | 73 | 122 | 125 |
| Soyabeans | 468 | 590 | 625 |
| Peanuts, in shell | 463 | 760 | 800 |
| Coffee | 182 | 294 | 300 |
| Tea | 67 | 110 | 115 |
| Rubber | 838 | 1,017 | 1,050 |
| Kapok | 28 | 55 | 55 |
| Palm oil | 217 | 975 | 950 |
| Copra | 1,100 | 1,600 | 1,630 |
| Palm kernels | 49 | 154 | 170 |
| AGGREGATES OF PRODUCTION | | $ million at constant prices | |
| —TOTAL CROPS | 2,307.7 | 3,959.2 | 4,117.4 |
| —TOTAL FOOD | 1,904 | 3,407.0 | 3,549.1 |
| INDICIES OF *PRODUCTION* | | *(1969-71 = 100)* | |
| —TOTAL CROPS | 100 | 172 | 178 |
| —TOTAL FOOD | 100 | 179 | 186 |
| —PER CAPITA CROPS | 100 | 128 | 130 |
| —PER CAPITA FOOD | 100 | 134 | 136 |
| INDICES OF POPULATION | | (1969-71 avg. population = 117,316,000) | |
| | 100 | 134.0 | 136.7 |

* Preliminary
† Forecast
†† *Farm weight*
Source: Department of Agriculture: Central Bureau of Statistics: National Sugar Council: Office of Agricultural Affairs.
NOTE: *Format price and population data obtained* from ERS, USDA Statistical Bulletin No. 697 (June 1983), "World Indices of Agricultural and Food Production, 1973-82."

- *Increasing further food* supplies. Last year Indonesia had to import around 1m tonnes of rice (chiefly from Burma and Thailand) to make up the shortfall. The Government would also like to encourage the growth and consumption *of other food crops* such as soya beans, corn and cassava.
- Increase foreign exchange earnings from the sector. The *aim is* to earn *as* much *as* US$5bn by the end of the present Five-Year Plan. The Government would also like to increase domestic production of *imported commodities* such as cotton and milk to cut back on foreign exchange spending and reduce Indonesia's substantial external debt burden.
- *The third major aim is to* stop the drift of people away from the agricultural sector while at the same time making the sector more efficient.

The Department of Agriculture is also aware of the need to develop agriculture industry. Before the recent heavy cuts in development there was a large programme of building sugar factories. The aim had been to reach self-*sufficiency in* sugar by 1988. The cuts slashed the number of factories to be built from 18 to 9.

### Capital intensive

The fact that this develop*ment is capital intensive means* that it is vulnerable to the kind of financial constraints suffered by most major oil-producers.

In the first year of the Fourth Five-Year Plan (1984-85) 883.4bn Rupiah (around $8bn) has been budgeted for agricul*tural development*. This figure, which does not include spending on the country's big irrigation programme, represented a 6.5 per cent increase over the previous year.

The sector may have trouble absorbing even this increase. Mr Achmad Affandi, the Minister of Agriculture, recently indicated that last year's actual expenditure may only reach 75 per cent of the budgeted figure.

*In agriculture*, as *in so many* other areas of the economy, an inefficient and bloated bureau*cracy*, is a serious stumbling block to progress.

A parallel issue worrying the Government is the *suggestion* that the heavy subsidies paid to rice farmers under the production programme may no longer be necessary as the country *reaches self-sufficiency* though there is no indication that, in the current Five-Year Plan, any changes to this politically sensitive issue are being planned.

One other major area deserves a mention in the country's drive to develop its agri*cultural sector*—the tree crop programme. This is intimately linked to the running of the country's plantation estates inherited from the country's former Dutch colonial masters and since nationalised.

Foreign observers reckon *that many, though by no means* all, of the 30 state-owned companies running the plantations are making a loss. There appear to be three main reasons for this.

The first is the simple fact that commodity prices have *been in the doldrums* in the past three years or so. The second is that, since nationalisation many have simply become less efficient. The third reason is that under the Government's widely-admired scheme to encourage small-*holder development in the less-*developed Indonesian islands, the estate companies have been expected to fund part of this ambitious programme.

World Bank experts describe Indonesia's tree cropping programme as one of the biggest, *if not the biggest*, scheme *of* its kind in the world.

Foreign observers have been urging the Government to stimulate private investment in the agricultural sector though it seems doubtful whether the privatisation of the estates *would be contemplated*.

One agronomist said "Indonesia's potential as a major agricultural producer — from rice to timber—is huge. So far, however, everything has revolved around rice and that's probably been right. Then you *go down hill. They've now got* to move on and shift their agricultural economy on to a more advanced level."

**Alain Cass**

# Central role in the energy revolution

## Coal

IT IS still small by world standards but rapid development of the Indonesian coal *industry* forms a central feature of urgent plans to develop a new energy mix in which the role of coal, hydropower and geothermal energy will be boosted to help cut domestic consumption of crude oil.

Along with hydropower, and *geothermal energy*, coal will be used mainly for generating electricity, and as a fuel for industry, particularly in cement factories.

Newly-revised calculations by Tambang Batubara, the state coal-mining company, which utilises newly-acquired data from companies exploring in East Kalimantan, indicates total coal reserves of nearly 23bn tonnes.

Present production is low—about 460,000 tonnes annually —but bold plans are in train. To stimulate the coal *industry*, Indonesia is offering exploration and production rights to foreign companies in East and South Kalimantan, which did not happen *with the mines* in Sumatra.

Seven foreign companies or consortia have signed agreements, valid for 30 years, with *the contractors* allowed to retain 86.5 per cent of any production, but expected to bear all the risks.

Late last year, Kideco Jaya, a consortium of several South Korean companies, said it had located 683m tonnes in reserves of bituminous coal in East Kalimantan, with production of about 2m tonnes a year expected by 1986.

### Discoveries

Other worthwhile discoveries have been made by Arutmin, a joint venture between Utah *Exploration* (now Australian-owned) and Atlantic Richfield of the U.S.; and by a joint venture between AGIP Overseas of *Italy* and Consolidated Coal of the U.S.

At present, Indonesia has two producing state-owned coal *mines—Ombilin*, in West Sumatra, which produced 325,562 tonnes in 1983, and the Bukit Asam mine in South Sumatra, which produced 131,434 tonnes. Joint recoverable reserves are about 225m tonnes.

At Ombilin, work is *in hand* to boost production to 750,000 tonnes by 1985, while a new mine capable of producing 600,000 tonnes is under study.

In turn, Bukit Asam is undergoing a $1bn expansion aimed at boosting production to about 3m tonnes *by 1987*.

Mr Ashmad Prijono, president of Tambang Batubara, says that development of the Bukit Asam and Ombilin projects will be insufficient to *meet demand*, and that smaller mines are being developed, too. As a result, prospects for production by private contractors are good.

In all, Indonesia's *coal consumption* is expected to total about 11m onnes annually by *1990*.

The use of coal for generating electricity is expected to rise from about 655,000 tonnes next year to about 9.2m tonnes by 1990, while the *cement* industry is expected to raise demand from 270,000 tonnes to 1.4m tonnes. Other industrial users will take about 530,000 tonnes.

In addition, Indonesia claims that it has the potential to become a *significant* coal exporter, noting its relative closeness to Japan, Korea and *Taiwan*.

Howevr, it trails the aggressive and efficient Australian coal industry by many years, and will be hard pressed to usurp the large new mines recently completed in Queensland. In Queensland alone, coal *production in 1982-83 was 35.8m* tonnes, of which 26.4m tonnes were exported, mostly to Japan.

Nevertheless, coal is central to the energy revolution envisaged by Indonesia's planners. It is also creating what Dr B. J. Habibie, Minister for Research and Technology, is fond of calling "backward and forward linkages" with *other* industrial sectors.

He says that Indonesia is seeking joint venture investments or licensing agreements to manufacture *construction* equipment used in mining, as well as steam boilers, generators and turbines for electricity generation. He says that similar opportunities may also exist in the production of chemicals and fuels from coal.

Although mining everywhere was laid low in the recession, Indonesia's *Investment* Co-ordinating Board said recently that foreign investment approvals for mining stood at $1.5bn, covering 12 projects.

This is less than for basic metals ($2.8bn), metal products ($2.2bn) and chemicals ($2.2bn), but greater than the sums pencilled in for textiles ($1.2bn), paper ($860m) or non-ferrous minerals ($750m).

**Michael Thompson-Noel**

# Barking up the right tree

## Forest products

*THREE YEARS ago the* bustling town of Samarinda in East Kalimantan was facing a bleak time. The Government had announced that log exports, on which much of the towns economy depended, would be progressively phased out, stopping altogether in 1985.

Yet today the town can lay claim to being the plywood capital *of the world, with* 18 plywood mills working at full capacity to meet export demand. Ships crowd the mighty Mahakam River which flows through the town, ready *to take* cargoes of plywood direct to ports, mostly on the east coast *of the U.S.*

This change in Samarinda's fortunes is a *reflection* of the Government's success in reorienting the country's timber industry away from log exports and towards wood processing industries. In 1980 Indonesia's log exports were worth nearly $2bn. That figure has since fallen dramatically but by the end of this current five-year development plan the Government aims to earn more than $3bn from exports of plywood, sawn timber and *other* processed wood products.

*Plywood, it is hoped*, will be the leader in this sector and by 1989 will contribute 4.6 per cent of total exports. Ten years ago there were only two plywood mills in Indonesia. Now there are 83 mills in operation, with another 39 *being built*.

Four years ago production was well under 1m cubic metres. It is estimated to have reached nearly 3.5m cubic metres last year, of which just over 2m were exported, including a small proportion of veneers.

### Major exporter

Total exports were valued at $483m. The U.S. is the major market and demand there shows every sign of continuing to grow.

Britain is another major market, importing nearly $33m of plywood last year. While Indonesia has suddenly grown into the world's leading plywood exporter. South Korea, Taiwan and Japan, which largely depended on imports of Indonesian logs, now have to buy from Vietnam, Africa and Brazil, though they have also made moves into the Indonesian plywood industry by forming numerous joint venture companies and sometimes moving whole mill units to Indonesia.

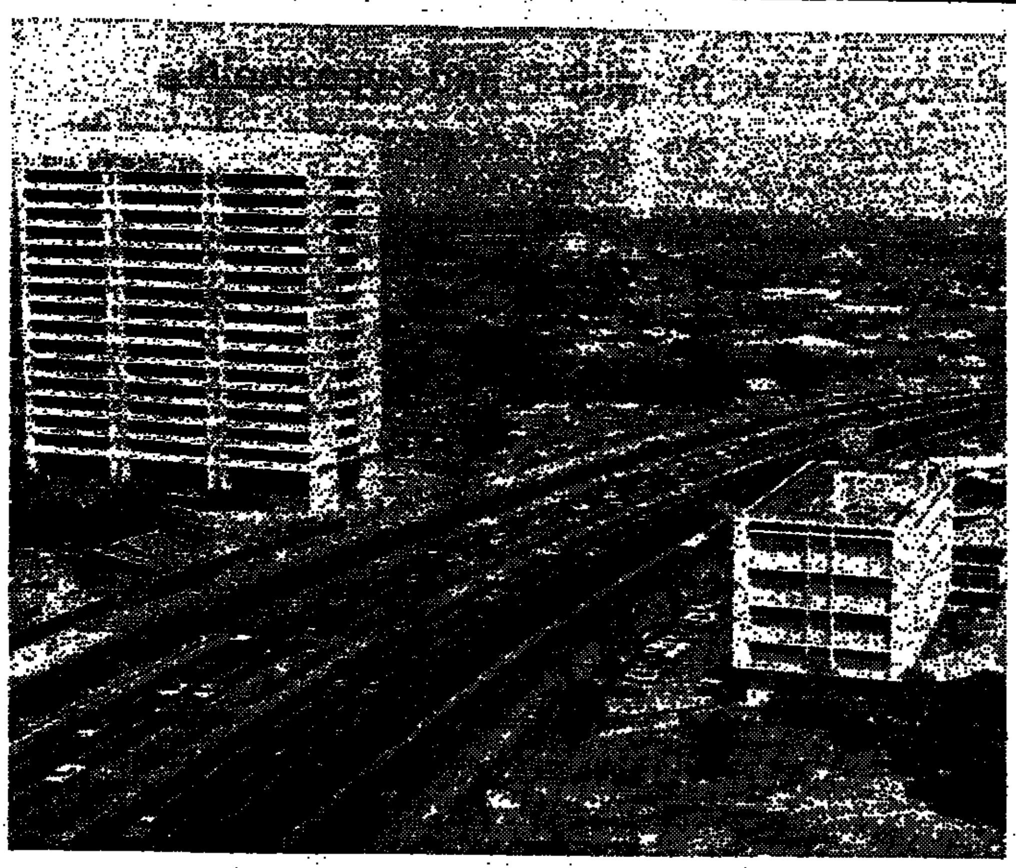
*Indonesia* is now estimated to produce about 40 per cent of the world's plywood but many companies have rushed into the business without solid financial backing and little marketing structure. They have been forced to sell at low prices and little profit in order to stay in business. Some smaller ones, particularly those without their own logging concessions, could be forced out of business.

Bigger companies, like Korindo, the Sumber Mas group and P. T. Kalimanins, have carefully sought marketing outlets *in other countries and have* also utilised capital to expand into related industries such as glue manufacture and pulp and paper products.

Though the forests cover more than 60 per cent of Indonesia's total land area the industry is also faced with problems of log supply. Most areas close to rivers, roads and coasts have already been logged out and unless *there is a* substantial rise in the price of plywood exports exploitation of more remote areas it not financially viable.

Some mill-owners in East Kalimantan province, which accounts for nearly 30 per cent of Indonesia's total plywood production, say they might even be *forced* to import logs from the neighbouring Malaysian state of Sabah.

**Kieran Cooke**



Traffic pours into the centre of Jakarta where most of Indonesia's big businesses have their headquarters

PROFILE: WILLIAM SOERYADJAYA AND ASTRA INTERNATIONAL

# How 'Mr William' became a household name

AN UNFORESEEN historical coincidence in the late 1960s helped to catapult Astra International from its involvement in domestic trade and agro-exports into the big time.

A lucrative contract for Astra to supply generators from General Motors of the U.S. to Indonesia's state electricity corporation had unexpectedly boomeranged over legal problems, so Astra decided to use its letter of credit to import 800 Chevrolet trucks instead.

Outside events suddenly intervened. The rupiah was devalued, working in Astra's favour, and the new Suharto Government embarked on a much-needed road rehabilitation programme. In the company's own words, "Astra's trucks sold like hot cakes," and the profit was reputedly vast.

The company, founded in 1957 and controlled by Mr William Soeryadjaya and his brother Tjin Kian Tie, moved easily into importing vehicles and heavy equipment as the country embarked on a fresh phase of development. Now it is a major automotive distributor and manufacturer.

Links with Japanese companies became the cornerstone. In 1969 Astra formed a joint venture with the Government, Gaya Motor, to assemble mainly Japanese four-wheel vehicles. More importantly, the company became the sole agent for Toyota vehicles.

In 1970 it acquired the sole distributorship for Honda motorcycles and in 1973 it became sole agent for Daihatsu. On the way it picked up the agency for Fuji Xerox as well.

The important moves into assembly did not take long. It happened for Honda motorcycles, through Federal Motor, by 1971, and the manufacture of Honda components by 1973. After a further joint venture with Toyota in 1971, the assembly of Toyota cars began, through Multi Astra, in 1975, and for the assembly of Daihatsu vehicles through a joint venture in 1978.

## Diversification

By 1978 Multi Astra had sold 75,000 Toyota cars, while Federal Motor had assembled 1m Hondas by 1981. Gaya Motor, for its part, had also begun assembling Renault and Peugeot cars.

In the meantime the company became involved in tractor sale and leasing, especially of Komatsu equipment, through United Tractor, and in the auto-related lubricant business by becoming sole agent for Caltex Lubricants through Midas Oil. The company also separated its Xerox division in Astra Graphia, and got into agribusiness through Multi Agro Corporation.

For all tis diversification, Astra remains known as an automotive company, an one highly dependent on import materials. Though it has borrowed regularly on international markets, the past 18 months cannot have been easy.

There was the 27.5 per cent devaluation of the rupiah in March 1983, and the currency has since drifted still further downwards against the dollar. Moreover, 1983 has been a horribles year for manufacturing and for the car and motor cycle sales. The company, however, is not talking about its recent performance.

According to the magazine Asian Finance, Astra had 43 per cent of the car market with Toyota and Daihatsu in 1982, 43 per eent of the motor cycle market with Honda and 58 per cent of the heavy equipment market through Komatsu. But sales volumes even then had not been rising consistently.

With his brother now dead, "Mr William," as he is known in the company, presides over an empire reckoned to embrace dozens of companies and well over 20,000 employees. At 61 he is a household name—but the first to recognise the hand of history in the company's fortunes.

**Chris Sherwell**

PROFILE: HENDRA RAHARDJA AND HARAPAN

# 'When I do something, I want to do it big'

HENDRA RAHARDJA is popularly referred to in Indonesia as Big H and his business as Big Y. Big H stands for his giant conglomerate named Harapan (an Indonesian word for "hope") while Big Y represents his bread-and-butter business, the Japanese Yamaha franchise.

The Harapan group is today more than just Yamaha. It is now involved in real estate, banking and finance, insurance, manufacturing, hotels and service industry.

Hendra, 41, a second-generation Indonesian Chinese, has taken 20 years to build up the Harapan group to its present size and stature. From the beginning he had grand ideas. "When I do something, I want to do it big . . . and bold," he says.

He plunged straight into business after finishing high school. With some friends he started a small import and export firm dealing mostly in motorcycles. It was a natural choice not only because his father was already involved in the same business but also because Hendra himself liked big machines.

"I used to own a Sachs, a big German-made bike which I rode to school," he says. Sachs was one of the makes which his small import and export firm brought into Indonesia. The others included Vespa and Lugarti from Italy.

Hendra's big break came in 1966 when he was approached by two rival Japanese manufacturers—Yamaha and Honda—to handle the franchise in Indonesia. For reasons said to be unknown even to himself, Hendra Yamaha instead of Honda. Today, Yamaha's are the second largest sellers in the country after Honda, with a market share of 40 per cent.

The group has a factory in Jakarta which assembles the bikes and makes parts and components. It also distributes Yamaha generators and related products through a network of some 300 dealers and sub-dealers.

Recently there have been reports that Hendra's Yamaha business is in trouble. Sales have weakened and he has run into some problems with the Indonesian authorities, who are investigating his affairs. Hendra vehemently denies that his Yamaha business is about to fold and claims that the tax problems relating to his businesses are a normal occurrence in Indonesia.

"Problems. Sure we have them. But so do other businesses," he says. "The recession and the devaluation of hte Indonesian rupiah last year badly affected our business, but we're overcoming the problems."

## Assistance

Hendra's real estate and development business has now become the second largest investment of the Harapan group. He bought his first piece of property in central Jakarta in 1974. This was left vacant for years until recently, when the site was developed into a $200m shopping complex called Cadja Mada Plaza.

He also owns the 17-storey Wisma Harapan building situated in Jakarta's business district and Gedung Harapan which serves as the group's corporate headquarters in Indonesia.

Hendra has also ventured into banking and insurance. He has merged two of the small banks he owns, one in Medan and another in Surabaya, to form PT Bank Harapan Sentosa, with its headquarters in Jakarta. Technical assistance is provided by Bangkok Bank, one of the major financiers of the Harapan group.

Similarly, his insurance company PT Asuransi Harapan Aman Pragama is linked to Asia Insurance Company, one of the leading insurance groups in this region.

In Singapore, Hendra is best-known for his big plunge into the hotel business. To date, he has some S$1.6bn committed in six hotel projects which, when completed, will make him the single largest hotel owner in Singapore.

Hendra first set up in Singapore in the mid-1970s, when he acquired a piece of prime property in Singapore's banking district, where the Harapan building now stands. He has since become the most aggressive purchaser of land offered for sale by the Urban Redevelopment Authority.

His first hotel, the 438-room Meridien Hotel and shopping complex in Orchard Road, opened for business last December. His second, the Hotel Nikko, also with an adjacent shopping complex, is due to open soon. A third, situated near Changi Airport, will open its doors in September.

All three hotels will have to fight for every tourist in view of the glut in hotel rooms which is expected to hit the Singapore market between now and 1987. But the real test of his staying power is yet to come. He has somehow managed to convince the Singapore authorities to allow him to delay his ambitious Rahardja Centre project, which will give him another three big hotels with a total of 2,500 rooms.

Hendra has repeatedly denied suggestions that the delay was due to financial problems besetting his business empire. His corporate planners claim that the two-year extension granted by the Urban Redevelopment Authority will allow his U.S. designers to build more convention facilities into the project.

**Alan Lee**

Profile: Multimillionaire Liem Sioe Liong

# Adopting a higher public profile

WHEN INDONESIA'S weekly news magazine Tempo published an exclusive interview with entrepreneur Liem Sioe Liong last month, a second print run had to be ordered. Normal stocks sold out instantly.

Reputed to be one of the 10 richest men in the world, 67-year-old Liem is a first generation Chinese immigrant who decided to join relatives in Central Java before the Second World War. He became involved in the clove trade for the local Kretek cigarette industry, and by the 1940s had struck up links with the military—including an officer named Suharto—in what was to be seen as a classic example of army-Chinese relations in Indonesia.

Now more than ever he is the object of public curiosity because of his growing international business activities, his continuing close connections with the presidential palace and, lately, his higher public profile. Recently he even delivered a speech to a business gathering, and his interview was the first to an Indonesian journalist.

Internationally Mr Liem is best known through the first Pacific group based in Hong Kong. Publicly-listed First Pacific Holdings is the main holding company for the group's international trading and investment interests. It holds a 51 per cent stake in Hagemeyer, the Dutch trading company, and controls First Pacific Securities (Holdings), which runs securities operations in Hong Kong and Australia.

Also part of the group and publicly listed in Hong Kong are First Pacific Holdings, which has as its largest subsidiary Hibernia Bank of San Francisco, one of California's larger banks, and First Pacific Finance, a Hong Kong merchant bank.

## Indigenous

The majority of these three public companies, whose activities are designed to complement each other, is held by the so-called Liem investors, consisting of Soedono Salim (Liem Sioe Liong), Djuhar Sutanto (Liem Oen Kian), Anthony Salim (Sioe Liong's son), Tedy Djuhar (Oen Kian's son), Sudwikatmono (President Suharto's foster brother) and Ibrahim Risjad, another indigenous Indonesian. Their control is exercised through companies in Liberia, which has no reporting or auditing requirements.

Domestically Liem Sioe Liong is involved in banking through Bank Central Asia, the country's largest private commercial bank, and in leasing and insurance. He is also active in real estate, trade, construction and, in manufacturing, in flour milling and cement.

In flour milling the company Bogasari is perfectly positioned in relation to Bulog, the national food agency, which is responsible for importing wheat and for selling flour. But greater attention is focused on Liem's cement activities, because he confirmed in his interview that Indocement, the huge group he controls, may offer 30-35 per cent of its shares to the public.

Indocement has a plant in West Java which is undergoing a U.S.$800m expansion to add some 4.5m tonnes a year to existing capacity, more than doubling output potential. Liem also took over the Madura cement project which was "rephased" by the Government last year.

Liem has attracted additional attention by his participation in Cold Rolling Mill Indonesia, a joint venture with the state-owned Krakatau Steel also involving U.S. Steel. The project is part of the development of an integrated national steel complex at Cilegon, West Java, and Liem is committed to the tune of $550m.

Liem acknowledged in his interview that Krakatau steel's prices are higher than Japanese imports, but emphasised future foreign exchange savings. He also compared U.S. willingness to transfer technology to a Japanese refusal to invest. And he admitted: "We're entering Krakatau Steel because we want to help the government."

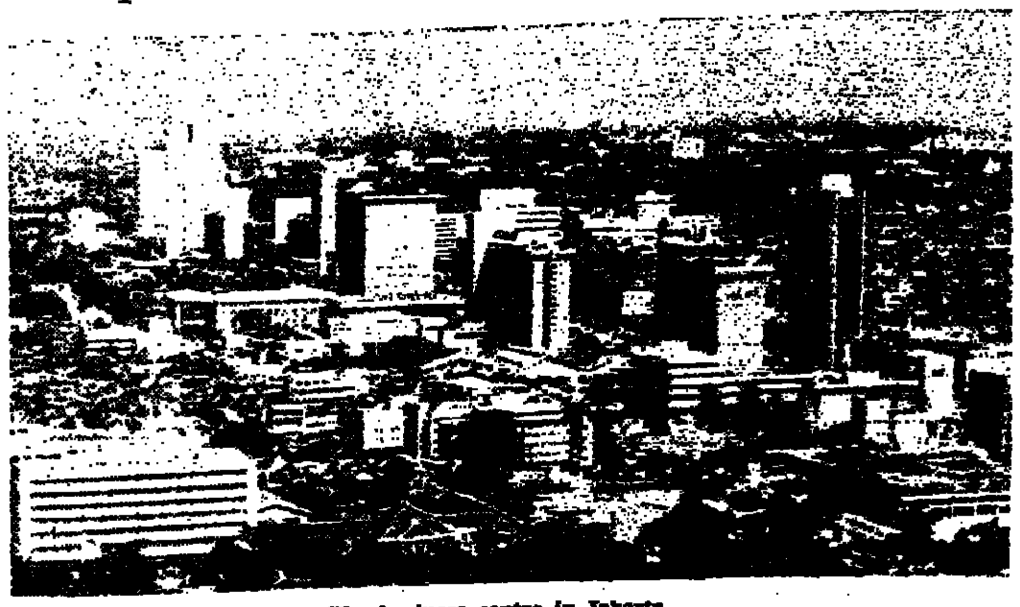
Indeed, it is his connections to the Government, an intrinsic part of his panorama of business interests, which intrigue most people.

Detailed information on this is difficult to obtain, although an Australian academic study makes clear how the interests of the two dovetail. Certainly no one doubts that it is this as much as Liem's wealth which stirred such popular interest in his interview.

**C.S.**

## Kieran Cooke reports on the pitfalls and opportunities

**Business Guide**



The business centre in Jakarta

AS IN many developing countries there are both big pitfalls and big opportunities in doing business in Indonesia. On the positive side is one of the developing world's more stable political and social systems tremendous domestic market potential and one of the few remaining countries completely free of foreign exchange controls. On the negative side there is often crippling bureaucracy, widespread corruption and a number of controls which act as disincentives to foreign investment.

### Getting there

There are basically three types of visas for Indonesia—tourist, valid for two months and obtainable on arrival; business, valid usually for four weeks; and semi-permanent residence working visas. The last may take considerable time to obtain and involve copious form filling.

Those holding semi-permanent residence visas have to pay $150 in cash every time they leave the country and also need a special exit and re-entry permit. Visitors should have smallpox, cholera and yellow fever inoculations and should also take precautions against malaria, hepatitis and typhoid.

As the weather tends to be warm and humid the year round, with average temperatures of more than 80°F, only light-weight clothing is needed, though in the hills it is cool enough for jackets and pullovers. For formal occasions locally made batik shirts are generally worn.

The national airline, Garuda, has frequent flights from Europe to Jakarta and operates a comprehensive internal air network along with a number of private airlines.

Booking is usually not required at Jakarta's first-class hotels; average single room rates are about $U.S.140 a day. Before going to Indonesia it is wise to stock up on visiting cards—as in Japan, they are handed out at the least provocation.

### Living

For the expatriate, prices are generally high. Few flats are available in Jakarta and a house can cost anything between $1,800 to $3,500 a month, often payable two or three years in advance. A good variety of cheap local food is available but foreign food costs are high.

There are international schools in Jakarta but again these tend to be expensive. Basic living costs for a family of four per month, including one servant's wages, in central Jakarta are estimated at about $2,500.

Medical facilities in Jakarta are generally poor, though better than in outlying areas. For major treatment most expatriates go to Singapore. Cars are subject to large import taxes, Taxis in Jakarta are still relatively cheap, with a short journey in town costing about Rp 1,500.

Government offices are open from 8 am to 3 pm Mondays to Thursdays, on Fridays only in the morning and until 2 pm on Saturdays. There is a wide range of both local and European restaurants. There are also private clubs and an assorted range of discotheques and dance-halls.

### Setting up a company

An investor must first form a limited company or "perseroan tarbates" (PT). All foreign investment is first of all channelled through the Investment Co-ordinating Board (BKPM) which evaluates and co-ordinates proposals. It also advises on suitable partners. As this is often a problem area, it is worth spending considerable time and trouble finding the right partner.

Under the 1974 Investment Act the local partner must start off with not less than 20 per cent of equity. Within 10 years the foreign company must reduce its holding to under 49 per cent either by selling off its equity or floating itself on Jakarta's infant stock exchange Wages are still very low. Few staff in the average office earn more than $100 a month.

### Tax

The effects of a new tax system brought in at the beginning of this year are still unclear. A double taxation treaty exists with the UK but because of the recent tax changes there are plans for talks in the near future.

The new law has lowered corporate taxes from a maximum of 45 per cent to 35 per cent. But tax holidays and concessions for foreign investment are being phased out.

### General

Indonesia is trying to industrialise as fast as possible but the Government insists on local control of many sectors. Civil engineering is now barred from foreign investment but opportunities still exist in areas of high technology. There has been concern about investing in this expensive and risk-laden sector, however, given the 1974 investment ruling.

A good local partner is also essential in order to find a way through the jungle of local law and business practice. Corruption has to be faced squarely. Most foreign companies employ middlemen as "expediting agents" to obtain the numerous permits necessary and they may often make under the table payments in doing so. The alternative is long and costly delay.

For large-scale business and investment the expatriate will have to deal with a number of Ministries among which there is often inadequate co-ordination. The value of close personal relations with officials and local contacts cannot be overestimated and a willingness to understand and fall in with the Indonesian way of doing things is essential.

More local entrepreneurs are edging in to areas once exclusively foreign, sometimes using high connection to take over licences and permits.

There is also talk of reducing the level of expatriates by up to 50 per cent in the next three years, although few companies can afford to employ more expatriates than they strictly need.

Once over the initial period of adjustment, having survived the frustrations and having learnt the art of patience, the foreign businessman generally enjoys the challenge of living in such a rich and diverse society. By international setandards mark-ups and profits tend to be high and business rewards can be considerable.

# Attack begins on red tape

## Corruption

AN APOCRYPHAL story is told of corruption in Indonesia: of a westener newly arrived in Jakarta who determinedly refuses to pay Rp 1m (about U.S.$1,000) to clear his belongings from the cargo terminal When the goods are finally released a month later, he is asked to pay 1m rupiah—as storage fees.

Corruption in Indonesia, widespread as it is, is widely reckoned to be no more shocking than in any other country, though that is not to say it leaves people unmoved.

"The way vast sums of cash are distributed here makes it the most efficient system operating in this country today," says a foreign banker. "It works beautifully, like a Swiss clock. The trouble, of course, is that it adds to inefficiency."

The trouble also is that it is a system which is entrenched and, for the most part, unstigmatised. Children grow up with it and it is part of the Indonesian way of life. Everyone agrees that, however much abuse of office is condemned, it won't be eradicated unless action is taken at the top—and that, everyone also agrees, is an impossibility.

To the extent that petty corruption is a direct product of an excess of regulations, however, some improvement may be possible. The existing position is certainly difficult. As one Indonesian handbook says: "You must pay extra fees for business licences, for passports, for import licences, for customs clearance once goods have arrived. As many as 18 different clearances might be needed on a document, all from different officials."

In recent months a campaign has begun against "red tape" and in support of "deregulation." The Trade Ministry abolished 17 categories of licence earlier this month, and more such announcements are promised from other departments. Saleh Afiff, State Minister for Administrative Reform, has been in charge of the operation.

According to Dr Ali Wardhana, Coordinating Minister of the Economy, the process of licensing has to be improved if the private sector is to fill the bigger role allocated to it in the coming five years. "Businessmen can't live with the licensing procedures, which take time and involve other 'disadvantages' which add to cost," he says.

On top of this, a campaign is in progress against tax fraud. This ties in with the introduction of new tax laws and is designed to show the authorities' determination to make the system work. Under the old system, it was possible for big taxpayers to sit down with assessors and "negotiate" their payments.

Many think this could continue. Yet hardly a day goes by without some development reported on this front. One of the most sensational is an investigation into the tax affairs of Hendra Rahardja, head of the large Harapan group. Another involves the Kalimantan timber tycoon Yos Sutomo who, against expectation, was recently acquitted on tax fraud charges, to the consternation of the attorney general, who is reported to have more than two dozen similar cases on his desk.

There also appears to be an attempt to deal with those on the other side of the corruption equation. Eight revenue officials are being tried on corruption charges in Bogor, West Java, and the defence asked this month for more senior officials to be indicted because they allegedly received slush funds.

Outsiders—Indonesian and foreign—who have to deal with the Indonesian bureaucracy on a regular basis are watching these developments closely. Scepticism abounds about how far the campaign will get. But eyebrows are undoubtedly higher.

**Chris Sherwell**

In the articles below and on the next page, a look at some of the major regions

# Remote province of frontier towns

## Kalimantan

TARAKAN, Samarinda, Pontianak, Balikpapan: names out of Conrad and Maugham, conjuring up images of dark jungle and lonely trading posts. The island of Borneo, land of Rajah Brooke and of dayak headhunters, is now divided between the eastern Malaysian states of Sabah and Sarawak and the newly independent country of Brunei on one side and the much larger Indonesian province of Kalimantan on the other. It is a land rich not only in timber but in oil, natural gas, coal, minerals, gold and diamonds.

Kalimantan has 28 per cent of Indonesia's total land area but under 5 per cent of its population. The local dayaks, headhunters no more, have shown little inclination to integrate with new arrivals from Java or the island of Sulawesi to the east and have tended to retreat further into the forest.

Only a few towns on the coast have been developed as the "oilies" and "chippies" (timber workers) have arrived to exploit the island's wealth. Tarakan and Balikpapan on the east coast are almost totally given over to the oil industry, with French, British and American oil companies establishing little enclaves where "Le Rugby," cricket and baseball are played.

Up the coast from Balikpapan is Bontang, a space-age looking plant, one of two centres in Indonesia responsible for LNG production. In the only other big towns—Samarinda in the east, Banjarmasin in the south and Pontianak in the west—timber is king, with talk of bitter fights between powerful rival tycoons, places of river log booms and wood factories.

Each town has a different air about it. Though the first flush of the oil boom has passed in Balikpapan and the giant "Valley of Hope" brothel complex is no longer doing a roaring trade, the town is still growing by about 14 per cent a year, the main street is one big traffic jam throughout the day and most of the night and the "Cassanova Fashion House" and "Atomic Chinese Restaurant" are still doing good business.

Samarinda is dominated by the mighty Mahakam River, more than three miles wide at high water, on which journeys into the interior can take days, even weeks.

Banjarmasin is a bustling wild town, almost a world of its own. Pontianak and Samarinda have big Chinese populations but Banjar is known as being fanatically Moslem, where smoking on the street during the fasting month of Ramadan can bring stern, sometimes violent, disapproval. Despite assurances from Jakarta that no special travel permits are necessary in Kalimantan Banjarmasin is a town where police approval is necessary before you leave.

As with many outlying areas in Indonesia, people voice disapproval about the way locally generated wealth flows out to Jakarta while local infrastructure development is neglected. Most travel is still only possible by river or air. Roads are very limited and often impassable. In the shadow of Indonesia's biggest oil refinery in Balikpapan, most of the townspeople are forced to use small generators for power and the town's water supply is still inadequate.

In Samarinda, though, a rapid expansion in the plywood industry has brought electricity demand up to 70 MW only 20 are at present available. However, large-scale electricity projects are being planned, using the island's immense hydro-electric potential.

**Kieran Cooke**

# Fire effects will last 70 years

THOUGH Indonesia is one of the most densely forested countries in the world it has little in the way of fire-fighting defences. As the tropical rain forest is usually swampy and wet, fires are normally not a real danger.

But early last year Indonesia was suffering the longest drought in living memory and fire broke out in East Kalimantan. There was little that could be done and the fire spread. It destroyed a fifth of East Kalimantan, a province roughly the size of West Germany.

Places as far away as Singapore were affected by air pollution. Flights in and out of East Kalimantan were severely restricted and even Surabaya airport in East Java, about 450 miles south, had to be closed for a time because of smoke. When the rains finally did come after more than three months local officials made preliminary calculations that about 500,000 hectares of forest had been damaged.

However, a German survey team later calculated that an area of more than 3m hectares had been almost completely destroyed. Many people in the area accused officials of deliberately underestimating the damage caused and of trying to cover up what is now seen as a major ecological disaster.

Not only did millions of dollars worth of valuable timber go up in smoke; peat and coal deposits beneath the forest floor were also destroyed. A year after the fire some coal deposits are still burning. The after-effects are only now becoming evident. The peat deposit acted as a sponge, soaking up excess water, so there is now a danger of flash floods.

Ecologists say that such a devastating fire is bound to have impact on a much wider area and that the whole ecosystem of the forest has been upset. Valuable seed stocks have been destroyed and the forest is unlikely to regenerate for at least 70 years. As one observer said: "It is like a permanent autumn."

**K. C.**

Tappers in Sumatra strain newly-collected latex to rid it of impurities. Vast rubber plantations help to enhance the island's standing as Indonesia's principal foreign exchange earner

# World's fifth largest island

## Sumatra

MEDAN, Sumatra's largest city (population about 1½m), is called Indonesia's largest village by locals. Few buildings stand higher than three storeys along its bustling streets, and its multitude of one-man stalls and colourful pedicabs seem to justify the epithet.

But Medan is at the centre of a vast economic kaleidoscope. It lies adjacent to one of the world's busiest international trading routes, the Straits of Malacca, and this has helped to make it one of the country's most ethnically diverse cities handling a disproportionate volume of its exports.

A short distance to the north-west lies the spot where, in the early 1880s, a Dutch tobacco farmer found Indonesia's first oil, laying the foundations for Royal Dutch Shell, one of the best known of the Seven Sisters oil majors. Also nearby, vast rubber and palm oil plantations spread across the plains, enhancing further the island's standing as Indonesia's principal foreign exchange earner.

Seventy miles down the coast, on reclaimed swampland, is the new Asahan aluminium smelter, already producing 150,000 tonnes a year of ingots and scheduled to produce 225,000 tonnes by next year. It is fuelled with electric power from a 500 MW hydro-scheme based on the Asahan River, another 75 miles inland near Lake Toba.

One of Indonesia's finest tourist attractions, Lake Toba, is the magnificent product of eons of volcanic activity. It is 50 miles long and of unknown depth, and has within it an island the size of Singapore, known as Samosir, which rises sharply from the clear blue water.

Swiss-like in its unspoilt splendour, the lake and its mountainous environs are the homeland of the 3m Batak people. At least half of the Batak are Christians, mostly Protestant. Their lives are pastoral, their music melodiously entertaining, almost Spanish, and the main grievance a sense of discrimination because they are not Moslem.

Such diversity in Sumatra is but a fraction of the whole, for the area dominated by Medan is just one of eight large provinces. The island, at some 1,100 miles long and 250 miles wide, is the world's fifth largest. Further north, for example, is Aceh, the first part of Indonesia to be converted to Islam. Industrially it has one of the country's two LNG plants and two large fertiliser plants, one named after the powerful 17th-century leader Iskandar Muda, and the other the only functioning join Asean industrial project.

Both the Acehnese and the Minangkabau, who live in West Sumatra province, are intensely Moslem. The Minangkabau are reputed to be among the most educated and literary of Indonesia's peoples, and for them, like the Batak, the mountains and a beautiful lake, Lake Maninjau, are at the centre of their lives and customs.

Off Sumatra's east coast, directly opposite Singapore, are the numerous islands which are part of Riau province. Batam is targeted by the government for development into a second Singapore. Bintan is the location of a "rephased" alumina plant which will eventually feed the Asahan smelter.

Riau also means oil — the Caltex company of the U.S., which produces almost half of Indonesia's total output, is here; so is the newly-expanded refinery at Dumai, where a huge hydrocracker was recently inaugurated to give Indonesia greater self-sufficiency in both oil processing and oil products.

Oil also dominates the swampy south, centred on Palembang, Sumatra's second largest city, which straddles the Musi River. Palembang is an old trading centre and, until it was overtaken by Malacca by the 14th century, was the capital of the Sriwijaya empire which dominated the region. According to one account, Palembang was born on pepper, raised on tin, and grew rich on oil.

Compared with Java, Sumatra is underpopulated, superductive and probably better off. Less important than Java politically, it cannot be ignored. In 1958 a revolt against Sukarno in Sumatra was crushed. But if there is any resentment now at dominance by Java or even Jakarta, it seems contained.

**C. S.**

Java's rich volcanic soil is Indonesia's most fertile and 63 per cent of the island is under cultivation. Above: tea pickers near Bandung

# The key to the nation

A FEW miles west of the ancient city of Yogyakarta *the devastating* rush of lava from a still smouldering volcano which erupted two *years ago* has *left an arid* swathe a mile wide.

In the middle of this river of volcanic ash, which runs like a black streak between the lush paddy fields on either side, is a tiny thatched hut. It belongs, according to the villagers who live in the volcano's shadow, to a man whose fields were devastated and clings to the idea of replanting them.

Java, the size of England, is an island with a long tradition of animist faith and ancestor worship where people's attitudes are largely shaped by the extraordinary forces which surround them and shape their destinies. *It is* also a place where the cyclical pace of village life continues, *as it has done, for centuries.*

Volcanoes rage but they also replenish and, *in time, the lone farmer in his* thatched hut may be able to make the ash desert bloom again.

There are more than 100 volcanoes in Java. Thirty-five are still active and, with 63 per cent of the island's area under cultivation, the forces of nature have survived the alien invasions of Buddhism, Hinduism and, more recently, Islam.

But Java is also people—100 million of them, twice the number in Holland, the UK or Japan. About 80 per cent of the population live on and off the land and for most of them the headlong rush into *development is a distant ambition* for city slickers which appears to have left them largely *untouched.*

Progress has spread in thin lines, crowding the *few* roads which traverse this equatorial paradise (once thought to have been the Garden of Eden). Over the years the steady drift away from the land has swelled its three major cities into sprawling, voracious giants where oil money, a natural zest for life and a hard, venal quality curiously at odds with *Javanese pride, have combined to offer* the illusion of a better life.

*In 1815, when Sir Stamford Raffles* first set foot in Java, the population was a little *more* than four million. By 1920 it had swelled to 20 million. Today Jakarta, the capital, by far Indonesia's biggest and most important city, has nearly 7 million residents. The city has doubled its population over the past 30 years and will more than double by the year 2000.

Like so many monster cities in the developing world, it is a vivid mixture of extreme wealth and appalling poverty. Still, a labourer who earns US$4 a day *in the capital would earn half* that 40 kms away. But, in a country where health and

## Java

education are not entirely free, life can be hard.

This explosion has created huge problems which are likely to last for decades. The roads are a nightmare, the water is polluted, housing standards are low and education is hard to come by beyond the most rudimentary level for those who cannot afford to pay for it.

The same is less true of Java's two other major cities, Bandung and Surabaya but the time may not be far off *khen they may have to face the same* problems. Bandung with its booming *industrial development* and Surabaya with its shipyards and beating commer*cial heart.*

To get close to Indonesia means to *get close to Java because it is Java and* the Javanese who have traditionally been the arbiters of this country's fate.

Newcomers are told to try to forget their obsession with time and motion. Words like movement and stalemate, good and evil, even a straightforward "yes" and "no" tend to be superfluous *in a world where to lose one's temper* is to lose face and to do that is to lose *the* battle. *To wait for* a day *in* a minister's office, with an appointment, is commonplace. The Javanese will invariably say "maybe" if he means "no."

"Java," commented one observer with uncanny insight, "is like a hot bath. You can jump in and scald yourself. Or you can ease yourself in, adjust to the warmth and let the world go by."

Beneath the sophistication of Jakarta even the most educated Indonesian is deeply mystical. President Suharto, like his predecessor President Sukarno, has a spiritual adviser. The Javanese is a Muslim (though by no means as devout as the Ayatollah might like him to be) but he also carries with him the baggage of occult trappings. When problems become too hard to bear, a Javanese will *often turn to the occult and black magic.*

Occasionally so will foreigners. Mr *Howard Palfrey Jones, in his excellent* book "Indonesia: The possible dream" *tells the following tale:*

There was the case of the leaky swimming pool built by an American motion picture executive in the hills of Central Java. Unfortunately when the pool was finished it would not hold water. The contractor was summoned thrice and still the water, inexplicably, drained out. Until the local *Hadji* was consulted. "You have not," he said in solemn tones to the man from Hollywood, "observed the slametan (the rites). The 'little men' are angry."

"If we plant the head of a red rooster at each corner of the pool then everything *will* be *all right.*" The *sceptical* movie mogul did as he was told. Ten *years after the red-combed heads* were planted the pool has remained full and *is still as good as new.*

**Alain Cass**

# Uphill struggle to find new homes

## Transmigration

THE INDONESIAN Minister of Transmigration, Mr Martono, has one of the more impossible *tasks in the administration.* He is charged with moving people *from the overcrowded* island of Java—where nearly 100m of the country's 160m people live—to less crowded Sumatra, Kalimantan and other islands.

During the last five year plan Mr Martono's Transmigration Ministry managed to move about 500,000 families or more than *2m people and in fact* exceeded the Government's target figure. But Java's population is growing at an average of about 2m a year, and despite the success of transmigration plans the world's most crowded island is reaching saturation point.

Transmigration in Indonesia is not new. *In the early days* of this century Dutch colonial*ists moved people from Java to* work on plantations on other islands. But it has only been given comprehensive treatment in the past 10 years, and particularly during the last five year plan. Most people felt the Government's target of resettling 500 families was too ambitious, yet it was achieved ahead of schedule. During the next five years the *Government* wants to move another 750,000 *families, or more than* 3m people.

The *Government* is responsible for finding sites among Indonesia's more than 13,000 islands, clearing them and providing a house and basic essentials for the transmigrant families. Each settlement should ideally be able to support 500 families, each of which is given a minimum of two hectares of land. All would-be transmigrants are carefully vetted. The family head should be aged between 20 and 40 and have a family of not more than five. *When* they are finally selected—at present the number *of applicants far exceeds places* available—they are transported to the site and for the first year given a monthly ration of rice, cooking oil and other essentials, plus basic farming tools and seedlings. The Government is also responsible for providing basic infrastructure such as roads and schools.

To date, the majority of transmigrants have been to the islands of Sumatra, Kalimantan and *Sulawesi. During the past* five years alone more than 800 *transmigration sites have* been opened. But many areas, particularly in *Sumatra,* have absorbed all the transmigrants *they can take, and though* Indonesia has an abundance of islands and land, new sites are becoming increasingly hard to find. People have crowded on to the island of Java for the simple reason that its rich *volcanic* soil *is* the most fertile. Other islands are not blessed *with the same wealth,* with many areas given over to swamp or dense forest. Minister Motono concedes that over the next five years finding sites for three 750,000 families is going to be difficult.

He says there must be more rehabilitation of crucial land areas with more fertiliser and other technical inputs. This is obviously going to cost more money, but in the latest budget transmigration was given only a small increase, well below the *rate of inflation. To* move and settle each transmigrant family costs about $10,000 *and despite* considerable assistance from the World Bank, the transmigration scheme is abviously running into rough financial waters.

To try to alleviate some of the financial burden *it faces, the* Government is emphasising the need for what it calls spontaneous transmigration, where it will provide a basic site and then encourage people to go there by their own means and *run it entirely by themselves.*

The Government also hopes *that* existing transmigration sites will become integrated and profitable *production* units, not only in basic agricultural goods but also in cash crops like rubber and palm oil and even in small scale industry. This has been achieved in some areas, notably in southern Sumatra, but in many others the *lack* of basic infrastructure has halted *economic development.*

Transmigrants often feel that once they have reached a site many miles away from the nearest *settlement, the* Government leaves them to fend entirely *for* themselves, often in poor and unfamiliar soil conditions. But the *Government* insists that, given limited *resources* and the enormity of the programme, it is doing all it can.

In the eastern province of Irian Jaya, where most of the 1.2m people are Melanesions, similar in ethnic origin to the *people across the border* in Papau, New Guinea, the Government plans during the next five years to move about 700,000 people from Java. In one area in Kalimantan about 9,000 local Dayak people have been swamped by 20,000 Javanese. The Government's answer is *that ever since the Republic of* Indonesia was founded the Javanese have been the most populous group. It says that transmigration is not only about moving people from Java, it is also aimed at achieving national integration and unity among all groups in the archipelago, with no one group dominating.

**Kieran Cooke**

# The mystery lingers on

## Borobudur

*THE SHORT* ride by pony and cart to the great Buddhist *monument of Borobudur passes* through rural central Java in all its tranquil poses: small children sitting on the grass beside a decaying temple, playing their own version of marbles with stones; old betel-stained women willing to barter their baskets of mangosteen and rambutan fruit for a few rupiah; a water-carrier burdened by the weight of the metal containers tied to each of his poles, resting by the roadside. The countryside is strikingly green and dotted with colour from frangipani and hibiscus.

*In 1973* the gigantic task of rescuing Borobudur was *launched. With Unesco helping* to raise almost $23m, work was completed in 10 years and President Suharto officially re-opened Borobudur on February 23, 1983. Examining a relief of Gautama Buddha holding his famous sermon at Benares which contains the principal doctrines of Buddhism, it is extraordinary to realise that here lies one of the world's most impressive Buddhist monuments in a country almost completely taken over by Islam.

*The* setting *for* Borobudur must be one of the most beauti*ful and peaceful* in the world. Built high on a plateau it is surrounded by coconut groves *and rice paddies which gently* fade into blue mountains. It *was from these mountains* that the stone was extracted in AD 750 to build Borobudur. Built 300 years before Cambodia's Angkor Wat and 400 years before work began on Lincoln and Chartres cathedrals, Borobudur describes the movement upward from the material world to the real of sublime reality.

### Symbolic

A *stepped pyramid of* gigantic proportions with a base measuring more than 300 sq ft, it is crowned by an impressive stupa — an inverted egg-cup. The sides of four square galleries are decorated with 1,460 panels of reliefs portraying stories from the last incarnation of Buddha, beginning with his birth in 560 BC. They also depict scenes from his previous lives and from the lives of Buddhist saints and bodhisattvas —those who hope to attain the *stature of Buddha.*

Numerous niches, galleries and stairways are arranged in a strict and symbolic order. *There are* intricate *sculptures* of ships, family life, musicians, *dancing girls,, saints and* heavenly throngs — a pictorial cultural *history of ancient* Javanese life and customs. *There are* 432 *Buddhas seated in* open *niches* and these statues have, to all four winds *of heaven, specific hand* positions.

For Borobudur the 19th century marked the end of a prolonged silence. Its beauty and significance attracted many who made it their life's task to unveil its mystery, to find answers to the as-yet unrevealed meanings of the reliefs and the interpretation of the placement of the Buddhas.

In 1815 Sir Stamford Raffles, the British Governor-General and a great admirer of the history and culture of the country, was the first of many who were *to exert influence* of Borobudur's fate and who tried to save it *from decay. He laid the* foundation for archaeological research but reconstruction was only completed at the beginning of the next century. The first restoration was completed in 1911 and half a century was to pass before special attention was again required to prevent continuing deterioration.

*Borobudur* is worth every effort to see. You can fly to *Yogyakarta and* take an hour's drive to the temple—but *if at all possible drive by car* from Bandung to Yogyakarta. The views of volcanos, rice paddies and rich plantations are among the most beautiful scenery anywhere in the world.

**Caroline Pritchard**





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